





AR3742



Presented to  
The Library  
of the  
University of Toronto  
by  
James Stewart, Esq.



CA121

-55C21

Page

Canada. Royal commission on broadcasting  
Hearings. v. 45-48, 1956.

1957














Digitized by the Internet Archive  
in 2023 with funding from  
University of Toronto



45

ROYAL COMMISSION  
ON  
BROADCASTING

HEARINGS

HELD AT

OTTAWA, ONT.

OCTOBER 9, 1956

V. 45





ROYAL COMMISSION ON BROADCASTING

Ottawa, Ontario,  
Tuesday,  
October 9th, 1956

PRESENT:

MR. ROBERT M. FOWLER	Chairman
MR. EDMUND TURCOTTE	Commissioner
MR. JAMES STEWART	Commissioner

MR. JOHN M. COYNE	}	Counsel
MR. A. J. de GRANDPRE		

MR. PAUL PELLETIER	Secretary
--------------------	-----------

FURTHER SUBMISSIONS:

MR. A. D. DUNTON, Chairman,  
Canadian Broadcasting Corporation





Ottawa, Ontario  
Monday,  
October 9, 1956.

THE CHAIRMAN: Well, ladies and gentlemen, we have now reached the third of the so-called rebuttal submissions at these final hearings; we completed those of the Canadian Labour Congress and the Canadian Association of Radio and Television Broadcasters and we now come to the submission of the CBC.

It is probably unnecessary for me to explain once again the procedure that we have adopted, it must be more than familiar to Mr. Dunton and his associates and indeed to everyone in the room. But, probably for the last time I might as well outline it once again. As I have said before, we have adopted the procedure of questioning all witnesses closely and vigorously on what they have to put to us; we are trying to put to each witness as well as we can the opposite points of view that have come up in our hearings so as to get his comments but in doing so we are not indicating any conclusions as none have been reached by the Commission nor will they be reached until all the evidence is in and we have had a chance to study the brief, the evidence and also the special studies I mentioned a week ago. Many of these special studies have not yet been fully received, we have parts of them but not all of them.

More than that, I think I should recall what I said a week ago that we do not intend to





restrict ourselves to the particular matters that are put before us by any witness in these hearings and we will feel free to question on any subject that falls within our terms of reference.

In the last few days we have had the lengthy and detailed submissions on a relatively small number of headings; there was the question of the separate regulatory body, the question of the alternative television license and one or two other particular matters. Those submissions are undoubtedly relevant to our inquiry and those matters are important and will have to be considered and dealt with in our report. In the next few days I would expect those particular matters to be dealt with as they wish by the CBC and views expressed by them and answers to questions that we may address to them but it may be well at this stage to point out that the Commission's task is not merely to arbitrate between particular disputes that may exist between private broadcasters and the CBC or between any other opposing contentions that may have been put before us in the hearings. Our task is a broader one than that. I do not mean to suggest that these matters we have had are in any sense irrelevant or that it has been unhelpful to have them put before us or even the various briefs we have received should have covered a larger area than they did. No doubt each organization dealt with those matters of





which it had knowledge and of which it had particular concern but the fact is, we are compelled to go beyond this and cover the whole subject matter we have been asked to study.

Now, last evening I did something that is probably unusual for a Royal Commissioner to do at this stage of the inquiry but I re-read the Terms of Reference and it may be worth just looking at that for a moment here to see what it is we have been asked to study and recommend upon in the Order in Council.

There are six main headings of reference we have to deal with:

"(a) The policies to be followed by the Canadian Broadcasting Corporation in its television broadcasting activities and the relation of such policies to the finances of the Corporation;

(b) The measures necessary to provide an adequate proportion of Canadian programmes for both public and private television broadcasting;

(c) The financial requirements of the Corporation for television broadcasting and the relation of these to the extent, nature, standards and distribution of programmes;

(d) The financial requirements of the Corporation for sound broadcasting





"in the light of the development of television and the growth of population in new areas of Canada;

(e) The manner in which the finances for the television and sound broadcasting operations of the Corporation should be provided and managed;

(f) The licensing and control of private television and sound broadcasting stations in the public interest; and

(g) Such other related matters as the Commission consider should be included in reporting properly upon those specified."

The particular matters of the independent regulatory board and the alternative television service, I suppose, would fall exclusively or at least mainly within Item (f). There are the other five we have to consider and so during these final hearings when we have the CBC before us I think we should make it clear we expect particular comment on these matters that we have been looking at in the last few days but in addition there may be many other matters that the CBC may wish to bring before us or on which we may have questions on which the views of the CBC will be important to us. In





the result these final hearings will not be merely a rebuttal of last week, I think it will cover in addition some new territory which we are required to explore. It may be well for us to recall the exact job we have to do because one gets focusing on some immediate and particular matters from time to time.

Mr. Dunton, how do you propose to proceed?

MR. DUNTON: Mr. Chairman, last Spring we tried to submit to you our views and the information we thought pertinent about all the general matters which are before the Commission. We tried to do it pretty fully both on our motion and under request for information from the Commission. We have not for these hearings prepared any new brief or any new main memorandum, we have tried to set forth our views and the pertinent information we had. We are at the moment prepared to make some comments related to evidence which has come before the Commission during the course of its hearings but we would not like it thought that such comments represent all our views or our picture of Canadian broadcasting which we tried to give you last Spring. We would be only too glad to discuss and give you answers about all kinds of general matters related to your terms of reference. We, therefore, would like to start with these comments on the evidence and opinion that have come before you. We would suggest that if you are agreeable, we think it would make the





discussion of these points, perhaps help the discussion if we divided them into two or three headings. In other words, we propose first to put forward comments on what may be called the general structure of broadcasting, that includes the question of the separate board which will involve quite a lot of general matters. We thought we might then be allowed to stop with that point to give us time to get breath and discuss the questions arising out of those general considerations of the structure. Then, we would have some brief comments on what we think of as the economics of production of programmes in Canada. In other words, to a large extent related to the question of second television stations though not exclusively. Following that we would have some comments to make about matters connected with financing and management of the Corporation and towards the end it may be, this will depend on how the questioning and discussion has gone before and what steps they have covered, it may be we would wish to perhaps bring up some particular information that we regard as correction of some specific points put before the Commission if at that stage they seem pertinent and if they have not been covered in the intervening discussion.

THE CHAIRMAN: I think undoubtedly they are pertinent and we may cover some of them under your heading one, but you ought to charge





yourself with answering whatever statements which, in your view, are inaccurate so our record is complete.

MR. DUNTON: Very well, Mr. Chairman.

THE CHAIRMAN: You are then going to begin with this general structure of broadcasting and I imagine it would be better if we let you go pretty well through this and then we will have some questions after that.

MR. DUNTON: Mr. Chairman, your Commission for the last several months has been examining a unique thing, the Canadian Broadcasting System. We think it is unique in the world, unique in the world of broadcasting, we think it is more than that, it is unique in Canada among all the various activities that go on in Canada. It is unique partly because broadcasting is different from other things, it is also unique because Canada has decided to develop broadcasting in a way and under a system which is quite different from that which has been followed in all other countries. In some ways it could be said that the Canadian Broadcasting System as it is now represents the epitome of Canadian compromise; it is often said our country has been built on compromise and certainly our broadcasting at the present time represents quite an astonishing combination of compromise among different interests. It started, as we have it now, from a national decision that there should be a national, publicly-owned broadcasting organization





developing the use of the public airwaves in the public interest. To that, in a typical Canadian way, a very practical and sensible way, was added the idea of private stations also operating in the system in suitable ways as outlets for the national system also or sometimes getting into providing community service but all still fitting into the concept of the one overall system. Perhaps the essential feature of this Canadian system is a feature easy for us to miss in discussions and that is that under the system you have a situation in which a large public operation carried on with money drawn from the public in general or, at least of television viewers is carried on in large part through private facilities. We cannot think of any other example in this country or other countries where you get a similar situation.



We suggest, Mr. Chairman, we think it is the burden of the evidence before you that this Canadian system as it stands now has served Canada pretty well. We suggest it has achieved big things in broadcasting and is achieving them every day and every night on the airwaves of Canada right now. When you think for a minute of sound broadcasting, of the astonishing variety of programming that goes out across Canada in English and French, when you think of the great variety of broadcasting of private stations doing a local and community service, we can say in this country, and most witnesses that have appeared before you have said a great deal has been achieved in broadcasting in the face of a very difficult and special Canadian circumstances.

In television, I don't think anybody has gainsayed the fact that television has developed vigourously, relatively, as in any country in the world and is second to our big neighbour to the south, the United States.

I don't want to review all these things, but I say it is the sense of what has been put before you that the achievement, in fact, has been pretty good. We suggest to you there is another achievement there and ignoring the facts of what is going out, and that is the achievement of the conciliation. I think Mr. Estey referred to the reconciliation of the irreconcilable, or almost irreconcilable, but





it seems that somehow or other, in fact, in Canada the reconciliation in the public interest of the private and public functions has been achieved and is, in fact, operated pretty successfully in the public interest. We think Canadians can be pretty proud of their broadcasting system as a whole. We don't take all the credit for the CBC by any means. We are talking about the Canadian achievement to which a great many people have contributed. The decisions in Parliament, the contributions, in part, played by the private stations as well as the public interest, and the part played by the advertiser and Canadian talent. It has been a general Canadian achievement. We think, somehow, so far it has been an achievement of the Canadian system in a sense that it has been a system in this very complicated field, and you have an interaction that has worked of public and private activity.

THE CHAIRMAN: My only comment on that is whether it is proper to use the word compromise in such a situation. I sometimes read into the word compromise an opinion that these are undesirable bits and pieces of two opposing opinions.

MR. DUNTON: I was using it in the sense that is often used in Canadian history books, a kind of positive thing leading to the situation we have now. I wouldn't want my use of the word compromise to be taken as used in that sense.





I was using it in the sense of an achievement.

We believe, Mr. Chairman, if you review the evidence before you you will find, actually, most witnesses, or most of those who have given evidence have agreed that the system in broadcasting has worked pretty well. We have had a number of people or organizations appearing before you and I think the burden of what they have said is that the system is doing a pretty good job; has done a good job. We have heard many people make suggestions, specific criticisms, many suggestions for conditions, things to be done, for modifications, but on the whole I think it is right that people who have appeared before you have indicated they thought things have gone well, although as usual there could be a good deal of improvement. I think, even those members of the public who have suggested to you there should be change in the structure of the system have usually prefaced that by saying, or admitting, that in fact as far as they know things have gone pretty well. They usually feel, or say they feel, there should be some change, but, as a rule, they admit, and they say, they haven't much to complain about. They are pretty pleased with what has happened so far the private stations, I suggest, that have come before you individually, and also insofar as speaking in a collective voice they said, in fact, relations with the CBC are good. In fact, they, or most of them, are having a pretty prosperous existence and were able to do a lot of community service and things, evidently, have gone well.



The CBC told you last Spring that in general it is more than satisfied with the cooperation from the private stations. It gave, and still gives, a great deal of credit to the private stations in the part they have played in developing a national service across the country. It is felt there is a good deal of effective cooperation from the private stations in the system. That is, not just from the private station affiliates but also the private stations that are not affiliates and who provide a community service to such an extent as has been recommended by the Corporation. But in spite of the weight of the burden of the evidence before you there are those who wish to change the stature as it is now. We believe, as we have listened to the evidence, most of that desire to change on the part of those who have expressed it is based mostly on feelings. I think you have again and again had the kind of suggestion put forward that people think that perhaps there are dangers in the present system. They have apprehensions, or fears, of the present distribution of authority and responsibility in the system. They would like to be more reassured by what they would like to regard as a better appearance of justice, or appearance that bias would be more likely to be avoided. I don't think it is doing an injustice to a number of submissions put forward by some organizations on behalf of the





public that it wants a change, and that it is based mostly on feeling without offering much evidence, and without knowing to what, in fact, they would like to change or what they would like to see done differently in the system. Later, I am going to discuss arguments put forward by private stations, collectively from the CARTB but we think after listening to a good deal of it a good deal of what they say comes down finally to feelings. I think you have had private stations who wished to see a separate board, speaking individually they have nothing much to complain about what had happened in the past but they feared something might happen in the future. I think it is probably right to say a good deal of this opinion that has developed about the desirability of a separate board is based on a sort of appeal to the natural sense of most Canadians to see fair play. We all like to see fair play and the appearance of fair play. I think most people want to see a change if they don't like the appearance of something that is put before them. What has happened is that people think we are playing in a game against the private stations and are making up the rules. This is my concept because under the legislation and national policy we are not supposed to be playing on one team against the private stations on the playing field of the CBC with the CBC



supplying some of the coaching direction to the home side and it is a professional game and the public have put a lot of money into it. I think that is the simple concept. But are we two teams playing against each other for the public or are we, in fact, all one team under one direction and responsible to the owners, the public, and all playing on the same side? Frequently there is, as with any two big teams, some competition among the players to see who does the best.

There has been a good deal of talk about feelings, Mr. Chairman, the feelings of the members of the public, the feelings of the private stations. I am going to talk for a few minutes about the feelings of the people in the Canadian Broadcasting Corporation. I have heard it said in this room several times this last week, "You know the people at the top of the CBC are human". They are human. That is very true, we are human people. We have a job to do under legislation as we see it and any action or decision we make, or are responsible for, under that legislation we must always be trying to achieve or make a decision in the greatest possible public interest. We have thought about this a lot and we have reviewed the many actions and decisions and recommendations that we have had to make and always it seems to us it comes down to a profession of where the greatest public interest lies. We make mistakes





and maybe wrong and we may have different opinions about whether an action or decision is in the public interest -- but that is what we are always trying to do, successfully or unsuccessfully. We don't see how we can possibly could in any manner be trying to do anything else. Still, as human beings, we have an interest as public servants, I suppose one thing would be the ordinary interest of doing a good job, the first one. Certainly, we have an interest in going as far as we can to see that Canada has the best pattern of national broadcasting service that it can have. The whole broadcasting system, as much as we are effected, is the best we can have for the country. We have a bias in that direction and it is the only possible one we can have. We have, too, a human interest of not only doing our best to do a good job but the natural one of having the responsibility of the public and having the public judge, more or less, fairly how we do our job on behalf of them. I think that is a natural thing and I don't see how that in any way interferes with judgment in the matters of public interest. In thinking of our feelings you can see the position we are in. Trying to do a job in the public interest in a very complicated field. Having to deal constantly with private stations. We think it is our responsibility while always thinking of the public interest to consider the interests of private stations and to try to be as fair as possible with them. We suggest the whole burden of evidence before you is that we have done pretty well. They have said so themselves. On the



whole, in general, the CBC has been not very unjust, at least, and has maintained pretty good relations and we have the facts of a lot of effective cooperation. And while this work is going on there is, what Mr. Estey is calling euphoniously, the educational efforts of Kingston, and relative broadcasters that are going on. We would like to put before you some samples of so-called educational content. We don't think it particularly bears either strenuously or directly on the issues before this country although some may indirectly. We were talking a moment ago about the CBC's feelings and we want you to understand those and to understand some current opinions of broadcasting that have developed. For instance, we feel, before I go ahead may I say we wish to make a concrete distinction, a distinction we cannot explain between, perhaps, the relationship with the individual stations, what they usually say, and what the majority of those stations say collectively speaking through the CARTB. I would like to give you a few examples of the propaganda and I don't think we have to go very far beyond the evidence put before this Commission.

-

-





We understand a great deal else has been done and is being done. In fact, we can illustrate it, and they will only be illustrations of material which is largely in your exhibits. To start with one, I think something Mr. Estey said on behalf of the CARTB indicates that he would agree one of the greatest sins you can charge a broadcasting organization with is favouring one viewpoint over another; trying to give one set of views on one thing and not on another. A broadcasting organization is responsible for the use of a channel, along with the Canadian public, or for a group of channels. If that organization allows only one viewpoint to go on, and not another -- and I am sure Mr. Estey would agree that organization is an enemy of free expression in so far as it can be applied to broadcasting. We suggest that again and again in the educational efforts of CARTB it is implied if not said directly that the CBC broadcasting is under the control of the executive government, which represents one political party. This is simply not true; it is not true under the legislation, and it is not true, in fact, that the Government of the day does or can influence the broadcasting that goes on CBC facilities or CBC networks. Some times the attack changes a bit: it seems to be that CBC is still promoting one particular viewpoint, but it seems to be some strange CBC collective-ist kind of viewpoint. To us that is still charging just as great a sin to any broadcasting.



We again say it is entirely untrue; that the facts of what goes on the networks of CBC show it is completely untrue.

I indicate one or two examples to you, Mr. Chairman, taken from some of the material before you; from Exhibit No. 30, which was Supplement No. 12 of the CARTB submission. As I recall it, it was put in last June in answer to requests from the Commission for instances of unfairness in terms of the regulations.

At the top of page 7 you have a reference to where one organization, again the CBC,

". . . is state-owned and controlled and must of necessity reflect one viewpoint."

It goes on to speak about how this organization has at its command the services of a highly talented, articulate group of people, and from this and other passages, it would seem to indicate they are thinking of not only the news commentators who are on the air to give our straight news reports. That particular passage goes on to suggest we employ talent and labour and others to support -- and I am not quite sure if it is the viewpoint of the CBC or the viewpoint of the Government.

Turning back to page 4 of that same submission, it suggests that its news service -- I take it that is its services of television news pictures, is being offered at rates which make it impossible for the Canadian Press, British





United Press and like organizations to compete. The situation, in fact, Mr. Chairman, is that the CBC, of course, puts out a national television news service on every station in Canada, and we think that is part of our national job. It goes on free, and in fact the stations have to carry it even if they don't want to. There is also the suggestion that the private stations have worked out a cooperative arrangement under which a certain amount of television used film footage is exchanged between private stations and the CBC. That is the basis of an implication here that the CBC is leading to a situation likely to lead to the monopoly of national news coverage by a state-owned organization. That is what you would expect: this memorandum was supposed to be giving instances of unjust regulations or the application of them, and this is far more interesting material. That sort of thing was covered in the press of the country, and another little bit of mud thrown at the CBC.

I would like to bring to your attention Supplement No. 14, Exhibit 310, a document with printed cover: "Control of Broadcasting". I think it is interesting because to us it exemplifies another line of attack in this educational campaign. That is the line of attack that under the present CBC responsibility for making regulations governing all Canadian broadcasting stations, that there either is or is likely to be control by the Government in power of what is



said on the airwaves in Canada. In the first place, any charge like that is not justifiable at all under the present legislation. The Executive Government has no control over what legislation CBC makes for broadcasting stations in law or in fact. To indicate the astonishing intellectual effrontery, not only do they first say the CBC, because of its regulatory powers, can at least do those things on behalf of the Government, but they themselves come before you and suggest a regulatory board which would have exactly the same powers as CBC, and which would, according to their draft, be under the complete direction of the Government. Perhaps we should not worry too much about inconsistencies in what the CARTB put before you. We have concern about the continual efforts to, what we regard as, put the CBC in a false light or false position, or show it is not doing its job properly.

While on the subject I draw your attention to page 3 of that same exhibit, 310. Before I do that, may I refer to page 4 where "Dictatorship" is the heading:

"The Government-owned  
Canadian Broadcasting Corporation  
has control over every programme  
broadcast over the 189 citizen-  
owned radio and television broad-  
casting stations across Canada."

As previously, and through the pamphlet, it tries to show the CBC is under Government control --





"in fact the Government has absolute power over CBC". In fact, it has not; it has no power whatsoever over what is broadcast on CBC networks -- the programmes, or content of them, or over the regulations which CBC makes.

Another phrase on page 2:

"The Government through its CBC has absolute power to decide what Canadians may or may not hear and see."

I think you will find, partly in this and partly in some other material submitted to you -- for instance, in the pamphlet "The Case for Freedom of Information", which was actually the case read to the Board of Governors right from the start when the Board of Governors asked for comments in public of the CARTB on new regulation. If you read the first page of that, page 2, the whole argument is that there should be no regulation whatsoever on the content of programmes in the country apart from the laws which apply to the press and other media.

THE CHAIRMAN: That, of course, is quite contrary to the position they are now taking.

MR. DUNTON: Completely, and in an argument used a great deal in their educational campaign, naturally, it would seem to tend to get sympathy, and it is quite inconsistent with what has been put before you. Our particular opinion is that in the course of putting forward that kind of argument, which was withdrawn quickly before



the Royal Commission, the CBC is being put into a position where some people appear to seem a little grey. I draw your attention to Exhibit No. 20 ---

THE CHAIRMAN: What was that last document?

MR. DUNTON: "The Case for Freedom of Information", and it was filed by some witness before you earlier.

THE CHAIRMAN: Would you look up the exhibit number, Mr. Pelletier?

MR. PELLETIER: Yes, sir.

THE CHAIRMAN: There is also that matter I referred to with Mr. Estey on Friday of the quotations from the Calgary Herald, and I think I read a paragraph at the end which seemed to be arguing --- could you get that for me?

MR. PELLETIER: I have it here, sir.

THE CHAIRMAN: I read the second last paragraph in which it said:

"Television in Canada will have to be under some kind of control, all right, but not CBC control. It must be the same kind of control which should be exercised over radio -- control for purely technical reasons. It should be control by an independent board, similar to the Board of Transport Commissioners; a board which would allocate frequencies in the case of radio and air channels





in the case of television. And that, roughly, is all the formal control it should exercise."

I was slow, I am afraid, last week, because I put this to Mr. Estey and he said, of course they could not very well endorse everything the writer of the Calgary Herald might say, but I didn't at the time notice at the beginning of this pamphlet, over the signature of CARTB, the statement,

"We believe these articles and editorials, ringing with the spirit that helped win the battle for freedom of the printed forms of publication in the past, state well and clearly the case for freedom of the electronic forms of publication in the present."

So, I am sorry Mr. Estey is not here to explain to me whether that statement in the record is the present attitude of CARTB or whether it is not.

MR. DUNTON: You can see it again, Mr. Chairman, on page 1 of Exhibit No. 310, a pamphlet obviously prepared since this Commission began its sittings, where it says:

"B. Recognition of broadcasting as broadcast publication an integral part of the press of Canada and provision for it to be carried on under and regulated by appropriate laws enforced in the law courts."



As I read that, it simply means no law shall apply to programme content that does not apply to the press, and is quite different from what has been said after.





MR. DUNTON: May I draw your attention to Exhibit No. 20 which was a survey filed last spring by the CARTB purporting to give public attitudes towards radio and television broadcasting and which gives the result of a survey taken by the Canadian Institute of Public Opinion relating, presumably, to opinions on the separate regulatory board.

Mr. Chairman, as it happens some years ago I had quite a lot to do with surveys and survey methods and I discussed the question of surveys with a number of the best authorities on this continent.

One of the things that all these authorities emphasized was that in order to get an honest report from a survey you must take the greatest possible care to see that the wording of the survey is not loaded in one direction or another. They are usually asking people for opinions about something which is likely to be complicated and with which they are not at all familiar and, therefore, you must be very careful and test very carefully whatever you ask them, as to the implication and contents of any of the words used. Let us take a look at some of the questions which were put out by the Canadian Institute of Public Opinion. I am sorry that Mr. Saunders is not here -- I used to have a great respect for the Canadian Institute of Public Opinion.

The question I am referring to is with respect to the Government-owned CBC and licenses.

I suggest this particular question is very



loaded -- in the first place they say the Government-owned CBC, and one can argue as to whether it is publicly owned or not. Then on the question of licenses, it doesn't license, it recommends to license. Then we come down to the alternative at the end of the opinion, which, in their opinion, would be more satisfactory than the present system for control -- it has just been said that the CBC is a Government-owned organization -- or regulation by a non-Government body. Now, but nobody can come up here and say that what the CARTB was recommending or suggesting last week was a non-Government owned body. They are suggesting as a matter of fact something more under Government control than the CBC is itself. The question, I think, is obviously loaded in the direction which people don't like, namely too much Government authority. It is loaded to indicate that the CBC is all tied up with the Government, and whatever other body was set up would not be. It is loaded heavily in that direction. I don't worry too much about that, I wouldn't think too much weight has been put upon this survey in evidence that apparently I would guess that it has been distributed pretty widely across the country. People reading these questions would be left with this impression -- that the CBC is under the control of the Executive Government, whereas





some other body would not be.

There is another line of attack -- and I think this particular one has developed only fairly recently during the Commission, and that is the one about Empire building. Empire building used to be, I think, something that was rather good -- the term "Empire Builder" used to be a pretty good one to apply to a lot of people.

THE CHAIRMAN: It used to be respected.

MR. DUNTON: Yes, but I just think in the sense it has been used so many times in the CARTB material that it is not designed to be respected. It is designed to indicate something about which most Canadians would tend, at first thought, to have an adverse impression. They made a great case in the brief, the main new brief, Exhibit 312, about Empire Building and before the Commission seemed to be trying to suggest that the CBC was anxious somehow to extract itself from Parliamentary control and to make itself less subject to Parliamentary control and thus, to be freer to go away on a spree of independent Empire Building without responsibility. From what I could see these claims were based upon some passages in the CBC submission last April in which we were trying to suggest that there were some possible dangers and disadvantages in the "departing" from what has been the case for the last twenty years.

For the last twenty years the CBC has been



receiving its financing according to statutes. It has not been receiving them according to annual votes of Parliament, that is, for operating expenses. This year for the first time, Parliament has voted an extra amount for operating expenses in addition to the statutory amounts received by the corporation.

As I understand it the CARTB say and, from what Mr. Estey was saying, that they are charging pretty definitely that we are asking to be under less control -- asking for something different from what has been done in the past. We are not asking for anything different at all. We are simply suggesting some possible disadvantages in departing from the type of financial statutory arrangement that Parliament has been carrying out for the past twenty years and still is doing so.

Then there are some statements in the brief about the CBC being a colossus which is a menace and that sort of thing. Naturally this is good newspaper talk -- wonderful stuff -- and perhaps instances of injustices are not particularly good newspaper copy. Again, the CBC in our view is put in quite a false light.

Then there are general charges about the CBC as an operating organization. We are the usual various things, sometimes contradictory, we are fumbling. We make mistakes, we are stupid, dull, extravagant,





the CBC is supposed to be against commercial business and advertising, although there are instances where they themselves get commercial business. For instance, they talk about lack of showmanship and liveliness in the brief and we are at the same time elephants and clowns. I don't think that this is of very great importance but, elephants and clowns usually come under the definition of showmanship and liveliness, I would have thought, and whether or not they are justified in this case, I don't know, but surely to accuse us of being both at the same time is not correct -- we cannot be elephants and clowns and also lack in showmanship.

Now, to turn to Page 45 in Supplement 17 -- Exhibit 312, I believe -- it says a system that obviously regards advertising, if not commerce, as distasteful. Now firstly, the CBC is all for Canadian commerce and secondly, we do and have been very successful in getting a great million dollars' worth of revenues in advertising and quite a lot of those revenues have gone to the private stations. There are various examples, and I have given you the ones about fumbling for instance; I believe Mr. Henderson said that the CBC had made a great mistake or a silly mistake in starting a television station in Toronto on channel 9 instead of on Channel 6 to which it is now moving. He suggested that this was a pretty ridiculous mistake. The



facts are that under the agreements and the negotiations that were going on between the CBC and the United States at that time, Channel 6 was not available. That kind of thing, we believe, is going around the country and it is extraordinarily difficult to catch up with it. Anybody could have checked, very quickly, to find out whether Channel 6 had been available at the time of the original CBC transmitter being ordered.

THE CHAIRMAN: Just explain to me what happened there. You say at the time you began in Toronto, Channel 9 was available and Channel 6 was not available?

MR. DUNTON: That's right -- the transmitter, of course, had to be ordered some time before the station went on the air.

THE CHAIRMAN: How did it happen that you later got Channel 6 -- what was the situation?

MR. DUNTON: Under the negotiations in the final agreement between the United States and Canada on the allocations of channels, Channel 6 was allocated to Toronto.

THE CHAIRMAN: So that you really began, in order to start in Toronto, you began under a tentative allocation of Channel 9, being the only channel, not knowing whether you were going to get Channel 6 or not at that time?





MR. OUIMET: At the start, at the moment, that we had to make our plans for the station there, the lowest channel was Channel 9. There were two other channels that were higher in the spectrum, and I don't exactly know what date it was, but it was only much later that Channel 6 became available, and Channel 6, being lower, was a much more desirable channel. So later on - just recently -- we decided to make the change. At that time we had to increase our power anyway.

THE CHAIRMAN: Am I right, and this shows my ignorance as to technicalities, but if you started to build a station for Channel 9, it is not just a flip of the button to turn it over to Channel 6?

MR. OUIMET: Oh no, it actually means a brand new transmitter.

MR. DUNTON: There is one little aspect which I would urge you to consider -- the illustration of the CBC and I don't think it was contained in the written material, but it was put forward by Mr. Estey and I think it has been used outside a good deal. The statement by Mr. Estey, if I remember correctly, when he was speaking about taking of national service television programmes by private stations -- as I recall it -- was, and he was speaking of his clients, "we have to take these programmes, we didn't ask for them" and I think



he added "we can get along without them".  
I am not sure of that.

Now that seemed very strange to us, Mr. Chairman, as you know there was a background of authority and policy about the private stations carrying national television service through the last few years, and there has been an awful lot of applicants coming to the CBC management people and saying "how much business and how many programmes could I get through the CBC if I go on the air." We have a list, a long list, of statements made in public before the board -- I can give you transcriptions of them, by applicants about how much they wanted the national service, how much they were going to rely on it, and of course, we have heard a great many statements made, also before this Commission, by television affiliations about the value of the service to them. I don't think this is very important -- it is just an example of our not being able to understand the difference between what the actual operators of the stations say, with whom we feel we get along pretty well, and what the collective voice of the majority of them says.

THE CHAIRMAN: May I just ask one question there, to see whether my recollection is right. Am I right in thinking that there has been a somewhat different technique of





licensing in connection with television than there has been with radio. That is, when an applicant applies for a television station, is a term of the license that he agrees to become part of the national system and, as a term of the license, he agrees to carry the national programme service. I am sure I read that in some of the material, but I haven't been able to put my finger on it.

- - - - -



MR. DUNTON: I doubt if it is in the actual licence; certainly it is understood by the statements of national policy, and in the application form which the applicant signs he is asked to say that, but whether it is in the license or not I do not think is very important, but it has certainly been a clear understanding in all the procedures that that would be the case.

THE CHAIRMAN: I think it is in your Exhibit 6, page 2 -- as I said, I could not find it, and I still cannot, but Exhibit 6, page 2, that is the small volume dealing with the licensing of stations, and my note is that the application form requires the applicant to keep the licence as part of the national system and to undertake to become a component of the national system.

MR. DUNTON: The only difference is with the wording; I do not think it goes in the licence that in applying for the licence ---

THE CHAIRMAN: In other words, all those people who have applied for private television licences -- it says this on page 2:

"Applicants for licence  
to establish television stations  
are given application forms ---"

Then further down:

"The application forms make  
it clear that all stations will be  
licensed as part of the national  
system, and the applicant in submitting his application undertakes to





become a component and to carry national programme services supplied by the CBC with the knowledge that his service will be increased as the system develops."

MR. DUNTON: I am not sure in the sense that anything appears on the actual licence, but certainly there has been a clear understanding on both sides so far, under the policy so far that they would. In fact, as we understand it, a great many are extremely glad to be and would be worried if they were not.

THE CHAIRMAN: Whether glad or not, it is the deal they made when applying for the licence?

MR. DUNTON: Yes, and the Board always asks that and discusses it with them when they appear before us. Supplement 17, Exhibit 313, E-2.

THE CHAIRMAN: What page is it?

MR. DUNTON: This supplement is in sections and it is E-2, and they are talking about meetings of the CBC -- I may be doing them an injustice -- they have been talking about the meetings between the representatives of the Association and the CBC. Later they go on to say:

"So far as these or any other discussions are concerned, they take place in an atmosphere in which it is known from the start that the CBC can enforce its will in the final



analysis, regardless of any agreement arrived at."

I do not make much of a point about this; I thought they were referring to meetings between affiliates and the CBC, which I think you have had in evidence have been pretty successful. I thought this was, for a moment, saying the CBC would not keep any agreements arrived at at such meetings and it certainly would. I do not appreciate the suggestion that the CBC does not keep agreements it arrives at. It does have responsibility to exercise authority, but I certainly hope in doing that we have never broken any agreements we have made with the stations. Mr. Chairman, we are not asking for any protection against this sort of educational campaign; it is a free country, people can put out all the opinions they like about public agencies and they can put it out on the airways or any other way. You expect to get discussion and criticism of a public agency working in broadcasting. We quite agree it is the position of the Corporation to defend itself if someone makes inadequate statements about what it is doing. We do feel it is a little hard having the Corporation as one of the main defendants of the legislation of the country. That is not our job. It is a little hard on our feelings to have to keep on, as we must, dealing with complete impartiality with private stations individually and maintain what have been said to be pretty good relations and understanding relations with





them as they must be if this complicated Canadian system is to work; at the same time these kind of things that are being put out in the name of these same people -- it seems to me nothing would change our efforts to have complete impartiality to serve the public interest. What we are saying is that we think this perhaps falls under the heading of cruel and unnatural punishment of the public service to keep them in a position where they have to work directly with the private people and these same private people are putting out this sort of material about it. In other words, we are not saying it is not our business whether this sort of thing stops or does not stop; I think what we are saying is that our feelings would be much better if as a public broadcasting organization we did not have to work with these people as long as this kind of thing goes on. It is just a matter of our feelings. As people in the CBC we would be much happier if the position were such that the Corporation had a mandate to carry on, or carry out its natural service with publicly owned facilities under its direct control and under which it had no dependency on or authority over private stations or any such responsibility or authority, which is, of course, exercised by a separate board. They call us power hungry; the CBC is not hungry for power over stations which it does not have. As far as stations are concerned, this collective voice that goes on, we would like them out of our head. We are not



saying at this point that this discussion of the solution of radio systems is in the public interest; at the moment we are talking about our feelings which are not, perhaps, terribly important. We are certainly not hungry for any power over private stations.

I again repeat from the point of view of the organization of the CBC, we would be happier if there were a separate body for the national service; the CBC could carry on the national service through publicly-owned facilities with no dependency of authority over private stations and without any relationship between private stations and the public organization being in the nature of competition. We think all those interested would be happy.

THE CHAIRMAN: Before you leave that, Mr. Dunton, whatever your feelings may be, you have been charged with the responsibility in the system that we have, that task does, in fact, involve putting these programmes out partly over CBC owned stations and partly over private stations.

MR. DUNTON: We have quite a lot more to say, Mr. Chairman.

THE CHAIRMAN: I know, but I think you said a while ago that you thought this was a pretty good system, it was a unique Canadian achievement.

MR. DUNTON: We do.

THE CHAIRMAN: It has been put to us on several occasions that you have not done enough -- not to defend the system -- but you have not done enough to explain the true facts in the light of





what you regard as false representations as to what the true facts are, that admitting all the disabilities a public body may have in this field, if it is a good system the public of Canada is entitled to know the facts and you have not done enough to give them the facts. What do you say to that?

MR. DUNTON: Could I answer that a bit later, Mr. Chairman?

THE CHAIRMAN: Very well. I am sorry, I said I would not question you.

MR. DUNTON: Now, I would like, turning from feelings which are perhaps not too important, to arguments put before your Commission. The CARTB argument, as we understand it, had several aspects; the first one is that of instances of results. I know I can hear Mr. Henderson saying, "We are not relying on instances; we are speaking of principle and possibility," but he did say on another occasion, "We can catch your bias by the results".

Well, we would like to take a few minutes on what they call results. In Exhibit 312 the CARTB gives what I understand to be examples of bias; that comes under the heading. I am not sure how much time you would like us to take at this moment going over these. They start on page 12 of Exhibit 312.

THE CHAIRMAN: Take all the time you want, Mr. Dunton, on this. We examined the CARTB spokesmen at great length on these examples of bias, as they call them, and we would like as



complete an answer as you like to give.

MR. DUNTON: All right, we will start where the list begins at the top of page 12:

"(a) An instance of programme takeover cited in Montreal by the president of the Canadian Association of Consumers;"

As I recall it this was an example given by the lady, Mrs. Vautelet, who was speaking at the time in her own private capacity. She said she was no longer speaking for the Canadian Association of Consumers. I thought she herself was rather indifferent about it, but she said she could not remember very much about the circumstances of the thing. I just wonder, Mr. Chairman, what has happened to our bright, able friends of the CARTB, when the first instance they cite has been mentioned by a lady speaking in her own capacity, when she cannot remember the circumstances of the thing. Surely they could do better than that. Anyway, we simply, after a good deal of work, have not been able to identify it. If someone would tell us now what the programme was, or some details, we could discuss it more; no one at the CBC can remember a regulation or ruling which would have stopped a programme coming in to a private station under some affiliation agreement which had been stopped because it had two sponsors. We cannot see how that would happen, and we cannot deal with this because we do not know the details.





"(b) The Corporation's insistence, cited in Montreal by CJON-TV, that the station carry a programme directed to farmers after the station had pointed out that there were less than one hundred farmers in its area but many fishermen --"

It could be an instance by the Corporation that CJON in St. John's, Newfoundland, carry a programme "Country Calendar", designed to serve the rural areas. We agree that this is the kind of thing about which there can be differences of judgment, but we cannot see any bias. We have people in the CBC who know a great deal about Newfoundland; there are a great many people in the Avalon Peninsula who are fishermen and do a bit of farming also. It is hoped that we will develop the increasing number of people who make their living on the land and sea combined. You can argue about how important it is for a programme to be carried, but we cannot see any possible bias on the part of the Corporation in urging the station to carry it. Incidentally, the station owner knows perfectly well, as often happens, that he has a right to appeal the decision and carry it to the Management, the Chairman, to the Board of the CBC, if he is really disturbed about it, and he did not do that.

THE CHAIRMAN: I think on that example it is only fair to say that it was put forward by Mr. Stirling, it was not put forward as an example of bias in Montreal; it was picked up



apparently by the CARTB as an example of bias, but I did not take it to have been intended as such by the man who raised it.

MR. DUNTON: The next two instances, (c) and (d), actually relate to a bigger subject which CARTB, as I understood, said they did not wish to pursue at this time; that is general policy which the Corporation has maintained for some years. They do not allow the affiliations of individual Canadian stations with American networks, apart from some which have existed or have developed for historic reasons. Naturally, in a situation where you get some exceptions you get some slightly curious happenings. The instance stated by CFCF, I think, was Mr. Finlayson's statement about 1937 the Corporation had come in and said, "You can no longer have both the NBC networks" because then they were splitting into the red and blue, and the CBC was going to keep the blue.

THE CHAIRMAN: The CBC, I think, kept the red.

-

-

-





MR. DUNTON: A good deal more is involved. The CFCF would not like that but much more is involved than perhaps is suggested here. In the first place, as stated, the general policy of not allowing stations except in these instances to operate on the general American system, and that no station shall operate apart from the system, the general system or a community system. That there has been a general national interest allowed to develop without really good working arrangements with the CFCF and the network would only deal with the Corporation they said had affiliations with particular stations and the Corporation made arrangements with CFC which gave it a position which very few other Canadian stations would have, which is a privileged position and is continuing but not as privileged as it was. We would say this is the sort of thing that is a question of very important national policy whether Canadian stations become part of a non-Canadian system and also whether affiliates of a Canadian network will operate subject to any arrangements that are liable to be made with American stations. We have a feeling if a Canadian network is carrying a programme that should go on the outlet -- the particular Canadian outlet -- without any overriding considerations outside of Canada. Something of the CJAB instance. This is rather amusing. Mr. Dubois' complaint that some CBS programmes which went out



on the Canadian National network in Montreal on the outlet of the network were not on his station and he thought they should be. The amusing thing is that most of the programmes were programmes he had complained about which were going to his competitor the CFCF. We feel if it goes across Canada on a national network the Montreal station can go along with it. We have mutual obligations with CFCF and we have an obligation to feed them programmes in spite of Mr. Dubois' views.

COMMISSIONER STEWART: Didn't CJAD have a right to that programme at one time and didn't they put it over the air from Columbia?

MR. DUNTON: I don't know what you are referring to. What could happen, and I am not sure if it happened or not, under arrangements CJAD could be carrying originally from CBS that programme that would be on a full Canadian network and that same programme, we would insist, going on an outlet from Montreal on the Canadian National network.

COMMISSIONER STEWART: He complained he had gone with CBS and programmes were going over his stations and ultimately they were taken over by CBS and as a result the programmes he had carried then went over<sup>to</sup>/an affiliate. That is as I understand his complaint.

MR. DUNTON: I am not sure, because CBS was carrying programmes from the Columbia Broadcasting





System long before Mr. Dubois' station was ever established. As far as our authorization has gone it has never been authorized to take Montreal CBS. It was never on CBS network. He would have liked to have had it it but he hasn't had it so far.

THE CHAIRMAN: I think the point he was making, that from time to time, and he mentioned that at least one was a CBS programme and it was carried only by CJAD in Montreal. The programme came into CBS for network purposes. You took it over and when you took it over you put it on your existing Canadian network which had the effect in Montreal of shifting the programme which he had been carrying from CJAB and CFCF.

MR. DUNTON: I see that could possibly happen and may have happened. It is a natural outcome of national network policy in Canada.

COMMISSIONER STEWART: If CJAD had the programme switched from their station to another one, if it was a popular one, to that extent he was injured.

MR. DUNTON: That may have happened.

COMMISSIONER STEWART: And it was much more than his feelings that were injured.

MR. DUNTON: That may very well have been, but he knew what he was getting into and he actually had very special privileges in 1945 in having limited affiliation and under the limited



affiliation he knew perfectly well what might happen and he knew what he was facing.

THE CHAIRMAN: It is not just a natural result of network programming to CBC. It may be the natural result of network programming to CBC in connection with affiliation of a few American stations.

MR. DUNTON: You have put it more succinctly than I have. There is the instance submitted by Mr. Dubois that has to do with the directional antenna of the Hamilton television station which, of course, is the result of the application of common sense engineering to single-channel policy which is not maintained by the CBC but government responsibility to parliament. In spite of the fact that a good many parts of Toronto can't get it, whatever was done was the result of working out in practical terms the single-channel policy.

MR. COYNE: Since you are dealing with a specific instance, if I may ask a question here. The point was made that directional antenna arrangements were made in regard to CHCH Hamilton, there were no such directional restrictions in regard to CBLT Toronto and I put it to you if this is logical in the establishment and development of single-channel policy why does it apply in one place and not the other?

MR. DUNTON: It is a rather interesting way it did happen. In the thinking, as we understood it, in the development of single service,





and I am speaking now from my memory of what the Board of Transport contemplated, I don't think they contemplated there could be a station in Hamilton because they couldn't see how it could be attained without violation of the policy. Then very strenuous applications were made that Hamilton should have a station so conditions were made whereby it could have a station without violating, to any extent, the national service and, incidentally, get more service down into the Niagara Peninsula if a special arrangement was made to give Hamilton a station.

MR. COYNE: At the time CBLT policy was made and single-channel policy planned and it was anticipated the single-channel would be received in Hamilton as well as in Toronto?

MR. DUNTON: Yes, but there was not much thinking about that.

THE CHAIRMAN: What it means, too, is that the Toronto station was put in as an early one when the CBC introduced as wide a coverage as they could get at that time.

MR. DUNTON: It was not very wide.

THE CHAIRMAN: And the Hamilton situation came along later and they developed the geographical pattern as best they could at that time.

MR. DUNTON: Right.

THE CHAIRMAN: And that is why the Toronto



station is non-directional and that is why the Hamilton station is directional.

MR. DUNTON: Yes. The network instance cited of CKWX, as I recall their reading of the evidence, was to the effect that CKWX thought it was intended they would get affiliation with the Dominion National network and it went to CJOR. The Board had to decide on which of the two stations it wanted to join the network. I don't know why the Board decided on CJOR instead of CKWX. Both wanted to affiliate with the newly developing national network.

COMMISSIONER STEWART: CKWX asked permission to join the Dominion network. The CBC officials agreed to it and within a very short time they were advised the permission was withdrawn.

MR. DUNTON: I have not checked the details but I think that CJOR was the logical affiliate. The final decision was made by the Board of the two applicants and the decision fell to CJOR.

COMMISSIONER STEWART: My information is they did, in fact, agree to make CJWX an affiliate and then withdrew that agreement.

MR. DUNTON: It is very possible a CBC official or officials indicated that CKWX would be the choice.

MR. COYNE: That is before the matter had come up before the Board of Governors?





MR. DUNTON: I think that is right. In any case I can see no possible question of bias, because if it was, in any case it would be a bias in favour of one station or the other.

THE CHAIRMAN: If it had not been this one it would have been the others.

MR. DUNTON: Now "G" is the refusal of permission to carry addresses by the Minister of Finance. There has been a great searching of files on this. I do think it is quite possible permission was refused for subsidiary network, strictly, carrying the Minister of Finance, who was Mr. Ilsley, because it might have been regarded as political or opinion broadcast and under the recommendation of Parliamentary committees the CBC is very careful about granting permission or Dominion hook-ups for opinion or political broadcasts. It is perfectly possible they did refuse permission for Mr. Ilsley to speak and then he might turn up on the Dominion network.

The next one is interesting. Refusal to carry a speech by the Prime Minister unless there were line charges. I think there were elections at the time the application was made to broadcast the speech of the Prime Minister which I think was from the Calgary Stampede on a subsidiary network. The Corporation said an election is on and we are going to regard this as a political hook-up and they will have to pay and come under the political hook-up. I don't know where the bias is unless



it is a bias against the Liberal party.

I cannot find any evidence on the last one, but it is about the same general situation as in Edmonton.

Then we go on with instances of CFCN and CFRB frequency matters. The CARTB in their case say things are decided without much public consideration. That it is something in the dark and without a question of appeal. If there was ever a public discussion about something in broadcasting, if ever a thing was appealed and rediscussed, it was about the reallocation of this frequency, CFCN and CFRB. I won't go into the whole history. It was a matter of clear channels under the Havana Treaty, it was recommended, during the war, with no construction going ahead stations were to be allowed to use them for the time being with the understanding the CBC would likely need them later on and if that happened --. In any event the CBC action was only a recommendation to the licensing authority and it was the licensing authority who made the decision and from what we heard the licensing decision was vigourously attacked and certainly appealed to the highest authority with weeks of discussion in 1946.

MR. COYNE: 1946 was before the shift had actually been made?

MR. DUNTON: Oh yes.

THE CHAIRMAN: Were you present when I





outlined what I understand from our technical adviser were the consequence of events concerning the CFRB station? In fact, there had been a clear channel allocation and they were not able to use it and it had to be used under the Treaty in an interim way and there had been submissions made to the station operator that this was to be on a temporary basis and then you moved into the recommendation that frequency should shift.

MR. DUNTON: Yes.

-

-

-

-

-



THE CHAIRMAN: That sequence of events, as I outlined, is in your view correct?

MR. DUNTON: It is a good, short summary of the situation, yes.

On page 13 we get to the old matter of the former 1,000-watt general ceiling on private broadcasting stations. It is right, and I think it was at its first meeting, the Board of Governors recommended the ceiling for private stations be that, and that I think it was justified at the time, to think that that recommendation carried out the general public policy certainly expressed at Parliamentary committees that private stations should operate at low power as auxiliary to the national service as it was developing. It was, I think, also pretty generally accepted under the existing agreements of that time that 1,000 watts was a general power for regional stations. Also at that same first meeting of the Board I think the action was started to urge the government to try to get a meeting of the North American powers to clean up the dreadful interference situation which was disturbing propagation of nearly all Canadian channels at that time. In any case, the ceiling was recommended. As I gather, the Department of Transport held it during those years, 1937 to 1941. This matter was thoroughly argued at the Parliamentary committees of 1943 and 1944, and I think pretty generally was proven





that there certainly had been no appreciable loss of potential coverage for any Canadian station, but if there had been any it had been as a result of the previous state of agreements, poor as they were, between Canada and the United States.

Arising out of the Havana Treaty, of course, it did become obviously, plainly desirable that regional stations be allowed to go up to 5,000 watts, but there was a war on at the time the Havana Treaty was confirmed; it came into force in 1941; but the Board of Governors in the Spring of 1944, suggested here by the CBC in 1946 -- in the Spring of 1944, although there was a freeze on all new equipment, the Board recommended the ceiling be lifted to 5,000 watts and it did in a technical sense, following the Havana agreement.

Mr. Chairman, I don't want to take up your time going into what we regard as not very relevant, long, technical arguments on ancient history, but if you are interested I would like to file with you a pamphlet called, "Analyzing the Havana Treaty". It is the text of a speech given at the Western Association of Broadcasters annual meeting at Banff, Alberta, August 7, 1944. It was given by Mr. Keith McKinnon, who was then an engineer at CBC, and I think was the best expert on these frequency matters then in North America, and who had attended the Havana conference. It was after that that he decided to leave the



CBC and go into private practice, and has for some years been practising very successfully as an advisor to the private stations in the country. He is in Ottawa if you wish to consult him about these matters. I know no one better. However, I think his speech at that time gives a really good summary by someone who really knows about the Havana Treaty and the 1,000-watt power system.

THE CHAIRMAN: That would be Exhibit 318?

---EXHIBIT NO. 318: Pamphlet entitled "Analyzing the Havana Treat".

THE CHAIRMAN: Before you leave the Havana discussions, are you going to say anything about the suggestion that was made that the Department of Transport was willing to go up to 5,000 watts and the activities of the CBC representative at the treaty persuaded them to stay at 1,000? I don't know how important it is, but much was made of it last week.

MR. DUNTON: We could not see the point of it because even Mr. Estey and Mr. Henderson could not show you anything that went on which arose from the CBC or from the Radio Act or the Broadcasting Act. I don't think he knew of any legislation which would necessarily stop the government from taking advice or help from the CBC if it had able people, and it had its responsibility for national broadcasting. The CBC takes not only a pride in having urged the





government to start international negotiations leading to Havana, but I am quite sure the Havana conference, in effect, made possible the modern development of sound broadcasting in Canada, but it still is not our responsibility. But still I would suggest some CBC people influence to some extent some provision agreed to, and I don't think it affected all stations; it was supposed to be affecting three or four stations in special circumstances, and I think all those stations referred to in Mr. Bain's letter have consistently through the years had higher power than most other stations, and still are in an extremely favourable position with regard to their power and coverage in Canada.

I think the next instance of consequence is on page 14: the Corporation's prohibition in practice of networks without giving the impression of such prohibition. They quote regulation 14(1) and 14(3), and they don't quote 14(2) which provides very specifically for authorizations of what we usually refer to as subsidiary hook-ups. I will try and outline this situation to you. As you know, under the Act and under these regulations, under regulation 14, no station can form a hook-up or take part in any hook-up or connection with any other station or network without the authorization of the Corporation. Apart from anything else, the Corporation has had what we thought a well known policy for many years of being able to



authorize what we call subsidiary hook-ups among stations in a region for carrying live programmes, and many such subsidiary hook-ups have been authorized and been successful, not only in Quebec, but in other parts of the country. One was authorized last week for about 18 Ontario stations for a live broadcast including music. It happens quite a lot. There is a suggestion the Corporation did something funny this summer in easing the procedure on the setting up of hook-ups. For some years, as well as saying stations must have authorization for individual programmes or for a series of programmes, the Corporation said that it would furnish the lines for such hook-ups. We haven't worried too much about this because we have been pretty sure that at least in most cases we could and did offer the lines to the station concerned at rates we understood were better than the communication companies in most cases would have offered them for that amount of "per occasion" or very short periods of the day. This has been raised in previous occasions, but the Corporation had thought before that in the interests of actual working control and also the economic side of it, it was a sensible arrangement. Then, this summer two enterprising Quebec stations, came and told us they were really quite sure now by negotiation they could get better terms from the Communications companies and asked to be allowed





to engage directly with them. It seemed sensible, and the Board agreed to that, and it was the only change. There was no change in the kind or length of programme series that could be authorized under this policy. I would like to say a little more on this subject: CARTB, I think quite often, and certainly in their submissions, have said one of the things handicapping their use of greater Canadian live talent is the fact it is hard for them to share the costs among different stations -- among a number of stations. We say perfectly flatly that for years it has been perfectly possible and practical, and has been done in many cases, for a group of stations to share the cost of a live talent programme by subsidiary network, in many cases covering a large part of the market of Canada, either English or French-speaking. It is not impossible -- and we have certainly done it -- to make arrangements with unions by which you can make a transcription for network kind of use for use once on one station and to replace a connection by wire line, and not have to pay the usual transcription rate, but a rate the same as if the particular programme were carried live on the direct connection network. In other words, whatever the argument is about the setting up of regular national networks by private stations, there have been wide opportunities for just that -- the sharing of the costs of live production amongst



groups of stations.

THE CHAIRMAN: When you talk about a subsidiary hook-up, are you referring only to one-shot arrangements, or can this be done for, let us say for example, two hours a day for five days a week for 13 weeks -- can you make that kind of deal?

MR. DUNTON: The situation is that under the practice followed so far, the Corporation gives authorizations for specified programmes or programmes series. In other words, it may be for a musical programme every Wednesday at 8 o'clock for 13, 26 or 39 weeks. That is what happens. Some enterprising people who have been before you -- for example the Verdun radio station and those people -- they will get authorizations for a number of those programmes a week, so that they will be contiguous, and would get what they spoke of as a pretty regular kind of network operation. From our point of view we were still authorizing under the programme series, and looking at each application to see if it fits in with the policy that has been carried on.

-

-



MR. COMMISSIONER STEWART: Would the Line Company charges be sufficiently high for individual networks as opposed to regular networks to make this feasible? In other words, the line companies could only charge more for some programmes than if you had a contract to take the line for a number of programmes or would that be worthless?

MR. DUNTON: I don't think it would be worthless because it has been done so often. CJBL and its associates have done this and CKEC and its friends in Quebec and in some other parts of the country used to do quite a lot more than they are doing now.

MR. COMMISSIONER STEWART: But you have knowledge of what the charges would be, first of all, for network programmes going over constantly as against an individual contract for one programme?

MR. DUNTON: We know, of course, that you can usually get rates that work out better per hour if you buy several hours per day, regularly. There is quite a difference.

MR. COMMISSIONER STEWART: There is a substantial increase between the two.

MR. DUNTON: Yes.

MR. COMMISSIONER STEWART: But not as much as to make the network impossible?

MR. DUNTON: We don't think so because as I say, there are instances and a lot of them have been economically pretty





satisfactory by rates, regular weekly rates; weekly half-hour or hour programmes make an economic operation.

THE CHAIRMAN: Well, there was a suggestion I think I made, arising from the new letters that you gave this summer to the effect that there had to be permission every day -- I think that was the question there --

MR. DUNTON: I think Mr. Thomson may have given that same impression. That is not so. Permission is for specific programming series which may run for 29 or 26 weeks and that has been ~~no for some~~ time.

MR. CHAIRMAN: Are you not saying then that you have adopted a policy of looking at each programme for permission purposes?

MR. DUNTON: Yes.

THE CHAIRMAN: Let us assume then, that I am a station operator and I have made some arrangements with half a dozen other stations and we come up to you with a half-hour programme to run for 13 weeks and it appeals to you as being suitable and you give permission.

We could come up to you with a second programme for half-hour programmes, which might even be a sequel to the first one, and you may give permission for that, and so on for a series of half-hour programmes for a further 13 weeks. These might run for



two or three hours throughout the day continually, throughout, for 13 or 26 or even 39 weeks?

MR. DUNTON: That has pretty much been what has happened, in fact, in some instances.

THE CHAIRMAN: Once that permission is given, can we then step out and today make our own line arrangement for that block of time, or the sum total of the various permissions for a period of several weeks?

MR. DUNTON: Yes sir.

MR. COMMISSIONER TURCOTTE: What is the policy followed. Is it that they must be live programmes?

MR. DUNTON: Well, I believe it was CARTB that said this has developed from these live programmes, more or less talent programmes, and in general, usually -- I emphasize the word usually, which they didn't, but authorization has not been given for opinions or news broadcasts or religion.

In other words, this is designed to provide what they claim they want so badly -- the possibility of spreading the cost of live shows over a number of stations.

I must say in this connection, and I don't want to make any wrong impressions, that there is nothing to stop any group of stations, either national or regional, from coming to the Board when they have got a good





solid concrete plan for a regular operation -- what we call a regular operation for a network organization, for individual authorization for the programmes, and having that project considered. If it is a sound project the Board of Governors would have to look at it, pretty definitely, whether it is on a national basis or on a regional basis.

There is no regulation stopping that. It says "permission must be given." Our claim is that nobody on the national basis for at least eleven years has had any concrete thinking about such a regular national operation for really producing a substantial amount of Canadian programming covering the country.

MR. COMMISSIONER TURCOTTE: You refer to some network in the Province of Quebec -- are there any applications for the stations in the Western Provinces or not?

MR. DUNTON: Yes. I did hear of one line in Manitoba I think -- for some stations -- where they had been authorized. There have been quite a few instances in the West.

MR. COMMISSIONER TURCOTTE: There have been -- are there any presently?

MR. DUNTON: I believe it is Schwartz -- could Mr. Young answer this question?

MR. YOUNG: Oh, dozens of instances,



there have been dozens of instances. I mean for instance, there was WYFV -- the football broadcasts where there were 80 subsidiary hook-ups, in that one connection alone.

THE CHAIRMAN: But the kind of thing Mr. Dunton has been speaking about, Mr. Young, is the arrangement for a continuing type of programme. Has there been anything of that kind?

MR. YOUNG: Yes, there has been in Alberta, Mr. Chairman, a network going on for years -- I don't know how many years -- with a group of stations in Alberta reading the grain prices, which has been going on for a great number of years.

MR. COMMISSIONER TURCOTTE: And how about in the Maritimes?

MR. YOUNG: The Maritimes -- the last network that I think asked for permission in the Maritimes, if I remember, was Mount Allison Forum. I think that was the last one from CKCW in Moncton.

MR. COMMISSIONER TURCOTTE: That was for a series of broadcasts, was it?

MR. YOUNG: Yes sir.

THE CHAIRMAN: Now, Mr. Dunton, you have been speaking about a number of questions and answers in connection with radio up to this point. Has there been anything in the way of an attempt by the private television stations to get together for the purpose of producing programmes which they would carry



on several private television stations in periods when the CBC national television service is not being carried. I understand that the national service takes up only a portion of the broadcasting time of the private stations and that they have to find something to fill in the balance of time. Just to complete my question, has there been anything done in this line or is there anything in the CBC regulations or practice which would prevent this from being done? To take one example which I used one day, if the stations in Peterborough, London, Hamilton, and Kitchener, or wherever they are, could get together and say "now, we would like to spread the costs of some programmes for television across the four stations", Are they allowed to do that? Must they do it live? Can they do it on film?

MR. DUNTON: Mr. Chairman, to answer briefly I think there have been two or three instances in Ontario stations, one I think successfully got together to do some live programmes, but I wonder if you would let me answer this question more fully when we come to what I call "economics of programme production in Canada". I think we could do it more thoroughly especially with respect to television.





THE CHAIRMAN: I just didn't want us to leave the networks subject only with radio, because there is an even greater cost of financing of programming production with television, which I would like you to deal with at some stage.

MR. DUNTON: At the moment I would simply like to say it can be done with television stations, and some stations have done some. That is all we have to say on the instances.

THE CHAIRMAN: Well perhaps this is a convenient time to adjour until 2:30, if that suits you Mr. Dunton.

MR. DUNTON: Certainly Mr. Chairman.

Adjourned until  
2:30.



---Upon resuming at 2.30 p.m.

THE CHAIRMAN: Well, Mr. Dunton, you had reached the end of the examples of bias in Exhibit 312, I do not know whether you completed that subject or whether you have any further comments?

MR. DUNTON: Just one more point; I think in the verbal evidence there was mention made that the CBC, of course, had an interest in keeping down the circulation of stations. I think that should be added to the instances. We have been reviewing these instances and dealing with them partly commenting to the extent that the CARTB did base argument on instances although we realize they based a great deal more on principle but they did say too that we showed bias chiefly by result. We suggest in opposition to what we think is a rather meagre list of complaints, complaints which we have endeavoured to show briefly about things which were done properly and as they should have been under the kind of system and the general policies prevailing. We feel we have tried to give the other side, the other reasons for the making of these various decisions and that they were justified in any case. We feel it is rather a meagre list when compared with the literally thousands of decisions and actions affecting private stations that the Corporation has had to make in its 20 years of





existence. If we are talking about results we suggest a comparison with the real results, in fact, the results of a great number of vigorous, prosperous private stations in the country, the fact that the Corporation not only recommended the continuation of all the private stations but has continued to recommend the creation of scores more during its career. It is accused of having powers yet it has recommended thousands of private radio stations right in the coverage of its own stations. I think someone added up some figures that within the coverage of CBL, the first high-powered radio station in Toronto, it has recommended 14 different stations right in coverage; this is the Corporation that is trying to keep down the circulation of private stations. The count indicates something like 30 different recommendations for increasing power or changes of frequency in the same coverage of one private station. It is obvious that there is substantial bias, the Corporation has recommended **all** sorts of development of private broadcasting stations. We believe in private broadcasting under the system as it is in this country and we feel we have done a great deal under our various decisions and recommendations to encourage it, to develop it and have taken a great deal of responsibility in doing so.

In comparison with instances put forward to you by the CARTB, we point to, there was not put to you the paucity of complaints about regulations



as they stand or about their enforcement, the paucity of complaints about the carrying of national service on private stations and the large amount of service they have in radio and television. That is carried, and we feel carried -- although authority is sometimes exercised, we thought it was carried fairly happily. In other words, against the rather few instances suggested we simply put the facts and the figures on the whole apparently has brought a prosperous system which you have seen across the country and the responsibility the Corporation has had through the years in actions or recommendations aiding that development. In other words, we feel if one is going to judge that sort of thing by results that the results do speak really very well for the system as it has been making decisions and recommendations.

As I said, we realize, of course, we have seen it written and heard it said several times that the case was not based on instances but rather on principle. Again the words were used, it was felt that perhaps things would be better with a separate board, that it was not necessarily under the present system a bias but a possibility of bias, bias in a legal sense; the thought that under another regime of a separate board it was felt the atmosphere would be better, as I understood it. A lot of the argument of this sort came down to the idea





that one public body in a field should not be both operator and regulator and we have listened to a lot of argument trying to indicate, if you will that that is contrary to all the usual constitutional and administrative practices in this and in any other British country. Again and again analogies have been used as other activities in this country, the analogy we have heard so many times between broadcasting and the railways or broadcasting and the air transportation or broadcasting in this country and broadcasting in Australia. We think in all these cases there is an absolute fundamental difference; broadcasting is unique, it is unique as far as we know of a public body using funds drawn from the public at large, at least the listening and viewing public at large and responsible for providing a service back to that whole public, not just to a few who buy a service but the whole public and having got it in large part over private facilities. We think that situation is in comparison with the railway situation, the air transportation situation, completely irrelevant. It also is irrelevant in regard to the Australian broadcasting system, they have the private stations and the public broadcasting organizations work in quite separate compartments, the public system does not use any private stations to gain its coverage, it is not in radio and the plans we understand are the same in television, each will go their





own separate way.

But still, as we understand, we are suggesting in a general way that the set-up, the administrative arrangements in broadcasting should seem to conform with practice which deals rather a fairly general separation of regulation and executive are at least prevalent in quite a few other activities. We would like to draw your attention to another kind of view of this same thing and also develop this further on thoughts Mr. Estey was putting forth. We are living in a very complex society in which there are in many cases a combination of some form of public or state intervention combined with some form of private activity. The legislature in determining how those two should be combined has decided to adopt different forms according to the circumstances of the activity. In some cases it has been found very successful to have a regulatory kind of board and another operating body which may be public, because of the circumstances in that particular activity. So far in Canada it has been thought that it is successful because of the circumstances in the Canadian system have one body doing the two, carrying out the public interest both in the expenditure of public funds and in coordinating the whole activity. Sometimes it is suggested, I think, that this situation has no other paradox. I think at least one or two have been mentioned to you, one is the educational



system in most provinces where, of course, you have the public body, both responsible to the public organizational system, responsible for the operation of public schools and the supervision of private schools. Of course, it may be said in some sense that both the public schools and the private schools may be said to be perhaps competing for pupils yet nobody worries too much about this combination of operation and regulation by the same body.

-

-

-

-





I am not stressing that in this particular case because I think there have been so many false ones drawn into broadcasting. There has been a lot of talk of different kinds of activities in this country, of big public bodies. On the other hand there are analogies and I think a prime one is the Hydro-Electric Company in Ontario. Again, we have no desire to push an analogy very far but as we read the proper statutes, at least, here you do have a very large public body which is actively engaged and operating in introducing and distributing public power, and as we read the Act, also has very considerable powers of authorization over other powers in the system. It happens to be mostly municipal corporations but it can be in some cases privately-owned. I don't push this very far because production and distribution of electric power is still different from broadcasting. But it is getting a little closer. Electric power is something that interests most people even though it is something that can be measured and charged for according to the amount you use. We think, Mr. Chairman, you find the best examples of combined regulator-operator right in broadcasting. We suggest to you an outstanding example of the combined regulator-operator in this country is the owner of a private broadcasting station. May I give an illustration. The broadcasting station carries a transcription put out by the CARTB attacking the CBC or attacking the radio legislation



of Canada. It frequently carries it free. It is quite possible, highly possible, some citizen or citizens would like to see on the air, the public air channel used by that station, a different point of view about the same matter and the person who is going to make the regulatory decision about the opposing point of view about going on that air channel is the owner of that private station. It is quite obvious, as we heard last week, he may have an interest whether or not that opinion does go out to the public in that area. The same way we had an instance of this, though it is not a serious one, but it has been felt by some people the private station is carrying the opinions of the general management point of view but is not, or is refusing to carry those from the union point of view. Again, it is the operator of that station who is making the regulator decision whether or not that public air channel carries the union's different point of view. I think there is no doubt about it that, in fact, the owners of private stations have been given a privilege, a privilege in regulating both opinion and information that goes out to the public in that area on those air channels and also in many cases they have an interest in what opinions or information goes to the public on those air channels. I suppose, and nobody has said it yet, or recommended, there should be a separate regulatory body attached to





each private station or a group of private stations which would make those very important decisions about what opinion and information goes on those particular air channels. I think a very good case could be made for it because, in fact, those regulatory decisions about what opinions and information goes on those channels are extremely important to the people in this country and I suggest, in practice, they are more important than the decisions made under regulations one to 15, apart from 14. Those are the regulatory kind of decisions which <sup>from</sup> apart / CBC broadcasting and decide what the Canadian people -- what views and information they are going to get from their own limited resources of the air channels. As I say, our society has not taken the view there should be special arrangements of regulatory bodies of such stations and consequently a different point of view. Yes, we will give suitable looking individuals the privilege of using those air channels, operating on them and deciding, among other things what opinions and what information goes on them. We provide that combination of functions and say, those people are responsible people, so we will let them have these combination powers. We think they will operate in the public interest and from time to time there is a possibility of checking on them on behalf of the public to see, on the whole, that they are carrying out their combined





responsibility in a way which is, in fact, in the general public interest. That is not so very different, I think, from what Parliament has told the CBC to do in the past. I am going on in a minute to talk about the argument based on competition. If we are looking for examples I would like to offer one more of the combined competitor-regulator. The Commission has heard of a number of instances in this country where you have the same person or body owning and operating a newspaper, a television station and a radio station. I am not sure what they have told you but I know in a couple of cases the newspaper owners have come before the Board discussing broadcasting matters and they have explained to us they think it is good to allow broadcasting stations or even radio stations or television stations to operate in a competitive way. It makes for good service and good active work on the part of each. Yet, at the same time, that same owner is taking the regulator authority of what goes on that station. He cannot escape it. He is a licensee. He has the final responsibility for what happens on the air channels used by those stations, yet the two things, he says, are in competition and maybe there is a third thing in that kind of newspaper competition. Our board has not been too worried about this and we have some responsibility for the recommendation of broadcasting,



but having nothing to do with the newspaper side we haven't been too worried about the combination about competitor control of the regulator because it is assumed these licenses will be given to a responsible people who will, in spite of the controlled competing media, will see there is general operation in the public interest. As I understood the essence, pith and substance of the CARTB case, as it was summarized several times by Mr. Estey, it was this. There is competition -- or, paraphrasing him as I understand it he said -- there is competition, some competition between private stations and the CBC therefore the CBC should not have any regulatory power over private stations and a separate board should have that power. It seems to me the whole argument in its final expression came down to that. Logically. I am using logical in a technical sense in describing whether it is good or bad. Premise, there is competition. Conclusion, CBC should not have regulatory power a separate board should have it. What we say is this. If you take that premise, -- firstly we say this. We have never denied there are some elements of competition between private stations and the CBC but we have said that any competition, in any sense there is, is by far outweighed by the inter-dependency and inter-coordination of the system. Any competition is immeasurably outweighed by the mutual assistance and mutual dependency.





We have never denied that competition. I don't think it is very fruitful to argue how much that competition is. Let us say there is some competition. Mr. Estey said that. We admit there are some elements of competition. What we say is if you take the fact that there are some elements of competition as the overriding proposition we draw a different conclusion. We go further than Mr. Estey. If that is going to be the proposition the only conclusion you can arrive at is there should be separation of the public and private enterprises in it. Surely you are not going to say here are two people in competition and because there is a bit of competition to take that as the deciding factor, when one of those competitors are feeding millions of dollars of revenue and programmes into its competitor. Taking that argument and taking it to what we regard as its natural conclusion will take it, if you just relied on the feelings of the people the conclusion that a board of public and private broadcasters would result in two compartments. We want to make it plain, too, we were not necessarily recommending that but we feel it is our duty to put some of these considerations before you. Separation would, of course, involve considerable rearrangement of facilities and channels but we don't think it is completely beyond consideration.



Again, we say we are not necessarily recommending it in the public interest but we think it could be worked out and it would entail, of course, a public body having all the facilities across the country to carry out the national service and to get a national service to the people through publicly-owned facilities and, presumably, some other body deciding and recommending to what extent in addition to that it would be sensible to have private stations. The only relationship between private elements and public elements would be of a competitive nature. The question of the use of public money we don't think would make any enormous difference. There would be a difference of initial capital costs. We believe that the CBC could so guide its affairs that through the years there wouldn't be any extra net cost of operating. In other words, in the additional cost of operating this additional transmitter there would be the additional commercial revenues in respect of owning those transmitters in the assumption, of course, that the corporation was not restrained in any way in its commercial activities.

THE CHAIRMAN: When you are talking about key separation and the logical conclusion you would draw from competition, you are talking about the abandonment of any notion that programmes are to be partly on public and partly on private





stations to the extent the CBC would be giving the national programme service to the people of Canada they would do it on their own facilities.

MR. DUNTON: That seems the only possible solution.

THE CHAIRMAN: Which, of course, would mean in television, for example, virtually the CBC acquiring the stations of the single channel policy that exists today. You have now not complete coverage, about 80 per cent coverage, which you might term is national coverage in some sense of the word but if you did not continue to put programmes out through private stations you would have to have stations in different places where you now have private stations.

MR. DUNTON: Pretty well.

THE CHAIRMAN: That would mean quite an investment of public funds.

MR. DUNTON: Yes, it would, that is what I said -- the capital investment would be quite large. If it were purely commercial -- if the channels were opened they could be in addition to private stations or more private stations could be created. That is considering only the commercial possibility.

Now to change the discussion and consider the continuation of the present kind of system in Canada. In other words, the continuation





of, in due course, in some way of public and private elements. And again I reiterate, the distinctive feature of that seems to be the reliance on a body, and the money coming from the general public, and the service for that public having to rely on private facilities to get that service back to the public in many of the areas. We believe that anybody in that position told to get services to the largest part of the public through these facilities must also have the corresponding authority for distribution and carrying of that service on the private facilities. We don't see how it is possible to separate the responsibility for getting that service on private facilities and the necessary authority for the carrying. There have been a lot of principles mentioned in the discussions but we feel that one of the basic principles in any sound administration, public or private is that responsibility must have a corresponding authority with it. Given the responsibility to do a job you must have the requisite authority. The authority requisite to be able to carry them out.



We don't feel it is just a matter of principle. We feel from our experience it is very much a practical matter. We don't see how anyone could run networks on the basis of rules written by somebody else -- that is, effective networks, especially networks in Canada under the kind of conditions under which they are run; conditions under which all sorts of changes in operations come into play, such as where and when something can be produced, where and when something can be imported from another country; consideration of timing and variations in regions in Canada; considerations of different circumstances of stations, and the many complex situations involved in the commercial activities of networks -- and commercial sponsors can change ideas awfully quickly. We feel and know that the operation of a network -- that authority over the distribution of such a service is just inexorably mixed and meshed with the operation of a network. We don't see how possibly the two could be separated.

As you have heard, and as we have said, actually in practice a good deal of the arrangements for the carrying of the national service on private stations is worked out in discussion with a good deal of negotiation. We also feel that behind that negotiation, where the public responsibility is involved, there also must be in the background the authority if necessary. It does not have to be used too





often but it is there. We don't say the network system is built up entirely on mutual agreement. There is in the background the authority.

In this connection we are in quite a different situation from, let us say, the American networks. Someone may say the American networks have built up a far flung system for distributing programmes on networks owned by other people. There they can do it by the commercial type of bargaining. There is no responsibility on them to go to any area and no responsibility to carry any service, and so you get the play of commercial forces working against each other, and it depends on the particular circumstances as to which is a little stronger -- the network or the station.

The public service in Canada is different in that it is under an obligation to get a service to the people; an obligation to get it one way if it has not its own facilities. In television it was definitely understood that if there was a private station it should get it out to the people of that area through that private station. Therefore, we feel it must have the authority, otherwise the station is completely in the dominant position. Someone has to have the upper hand, and if it is not the public service of the system it will be the private station, and in broadcasting we say that authority must be exercised by the body which is responsible for operating the network, not only because of the principle involved but because of the practice that goes on all the



time, week in and week out, and the shifting considerations, to find whether it is in the public interest, whether such and such a programme be carried on such and such a station. We thought about this pretty carefully, and both I and my colleagues on the Board of Directors feel, amongst others, we would not want to have the responsibility for getting service out to the public of Canada with the public's money over private stations, unless we had the necessary authority to do so. We cannot see how you would get any other body to do that either if they looked into all that was involved.

You will notice, Mr. Chairman, that I have been talking only about authority over, regulatory power over, the distribution of programmes on private stations -- over network distribution of programmes. If you look at the Broadcasting Act, what I have been talking about essentially is the powers held by the Corporation under Sections 20 and 21(a) and (b); powers over the network distribution of programmes. I think we know that those powers are the equipment essential to the Corporation if the Corporation is going to have the public responsibility of carrying out the national service in large part through private stations. We have not said, and we are not saying, that the other powers in the section -- specifically the responsibilities or authority to make regulations under Sections 21(c), (d), (e) and (f), which I think you can





call the powers to make general regulations on programmes and advertising -- we do not feel it is essential to the working of the Canadian system as we know it now that the Corporation have those powers. I don't think that necessarily follows in logic. I think anyone -- and we would not disagree -- that it is quite possible the Canadian system could continue to operate about as well as it does now with some other body having the powers to make those general regulations affecting all stations -- all stations impartially, public or private -- with some other body having that responsibility to carry it out.

THE CHAIRMAN: Well, if you had another body doing just those things, they would not have to meet very often?

MR. DUNTON: It depends. Our Board, bluntly, has not spent a great proportion of its time on the work under those sections. Some other body might feel it should take more -- I don't know. In the same way we don't think it is essential that it is the Corporation which has the responsibility under Section 22 of making recommendations on licences. Assuming that some other body, or that the licensing authority, would, as I think they would have to, give due consideration to the needs of the national service or the effects on its expenditures, it obviously is not essential when that consideration is given that it be the Corporation which makes recommendations on licensing. We do believe that





experience shows that there is a good deal of practical advantage in having the same body carrying out the authority under Section 21(a) and (b) as is doing the others. We are prepared to discuss that with you more, if you like -- how it works in practice. At the moment ~~our position~~ Mr. Chairman, is we are not saying -- and I doubt if anyone else would wish to say -- it is absolutely essential to the system that the Corporation exercise the general powers affecting all stations over the character of programmes, advertising, division of political time, or the use of Canadian talent.

THE CHAIRMAN: I don't want to interrupt you, Mr. Dunton, but particularly Sections (c) and (f); that is, the sections controlling the character of any and all programmes broadcast by the Corporation; and promoting and ensuring the greater use of Canadian talent by Corporation and private stations: those functions, surely -- suppose under Section (c) there was an attempt to control the character, not in the sense of libelous matter and things of that sort, but in the sense of creating a balanced programme of fare, and again under section (f) where it is talking about the greater use of Canadian talent by both Corporation and private stations, those functions must have something to do with the network operations as well: are they not entangled with sections (a) and (b)?

MR. DUNTON: I think they could be, and



I think it is more sensible in practice that the same body be making those regulations of the kind you have been speaking of as is deciding in the last instance what national service programmes must be carried by private stations. What I said was that I thought it would be possible that some other body could do this, and I think I added to that, on the assumption the other body make only general regulations which affect equally public and private stations.

THE CHAIRMAN: That is precisely my point: it seems to me that what I may be really asking you is, is it possible to control the character of programmes in the sense of establishing a balanced programme, or promoting the greater use of Canadian talent; can you do this really by regulation, or is it something that is really a factor of operations?

MR. DUNTON: I think we said before, in May, Mr. Chairman, that in our experience, and the experience of looking at broadcasting in other parts of the world, it is very difficult now, if at all possible, to bring about good broadcasting by means of general written regulations. We think in the last resort good broadcasting finally comes from the exercise of responsibility directly by the people responsible for the operation.

COMMISSIONER STEWART: In your estimation do you feel there is need for some control on the character of all programmes broadcast? I am asking you now as a broadcaster, whether you feel





that that is essential, that such control should be exercised by somebody, and also as to the amount of time that should be given to advertising?

MR. DUNTON: Yes, we believe there is necessity for such a regulatory power because of the nature of broadcasting; because it is a limited medium and because, as Mr. Estey told you, only some precious channels are available to the Canadian public. Everybody cannot have a chance to operate them or even to get on them. Therefore, the public must be able, through somebody, to exercise a regulatory power over the use of those channels and, as the present regulations do, at least stop some possible abuses in the use of the channels, because it is a limited medium. There is an enormous complete difference between broadcasting and printing; not just newspapers -- all printing. There is only a few dollars between anyone getting something printed and distributed, but between anyone getting his ideas on the air or not, there is a limited number of people -- and I am probably one of them, in the CBC -- as to whether he gets on the air or does not. We feel there should be somebody acting on behalf of the public in a general way supervising or generalizing the use of the public air channels. I think our philosophy or thinking is that we are doubtful of the amount you can do in a positive way in any broadcasting. We feel a written regulation kind of thing can stop abuses; it cannot go very far in forcing people to put on good programmes.



THE CHAIRMAN: So to some extent, at least, Sections (c) and (f) are to be accomplished by way of operation, which involves network as well as private station operations?

MR. DUNTON: Let me put it this way: if you are considering the real quality of all the broadcasting available to the Canadian public, we think in the last resort you can depend far more on the actual efforts of the CBC combined with its authority to get those efforts out on the private stations, and the actual efforts which are the responsibility of the private stations -- you can depend on those far more than on the written regulations.

I have pretty well finished, Mr. Chairman. I would just like to sum up. We feel there are two different main courses possible for Canadian broadcasting: one, a separation -- not just the establishing of a separate body, but the separation of public and private elements into two compartments, presumably the public element continuing to have responsibility for carrying on a national service -- that is, a service reaching right across the country.

-

-

-



7553

The other, for the continuation of the present kind of integrated system we have in this case, we believe it is essential that the body responsible for the national service must have corresponding authority over the carrying of the national service on private facilities. Further, Mr. Chairman, we don't think it is essential, but we do think that experience has proved it practical for the same body to have other regulatory powers over programmes or recommending responsibility about licenses.

THE CHAIRMAN: I take it Mr. Dunton that that is the end of your comments on the general structure of broadcasting.

MR. DUNTON: Yes.

THE CHAIRMAN: Perhaps this might be a convenient time for us to have some questions on this, although I am not sure that we are going to be able to divide our questions into the same compartments that you have divided your presentations.

MR. DUNTON: We are quite prepared for that, we hope.

THE CHAIRMAN: Well then Mr. Coyne are you prepared to start off, or Mr. de Grandpre?

MR. COYNE: Yes, Mr. Chairman. I think I am in somewhat the same position as you are, in that it will be a little difficult perhaps to keep the process of





questioning orderly. However, we will do the best we can.

MR. DUNTON: A general question to start with, reviewing Canadian broadcasting ~~Act~~ or what seemed to be the most significant provisions, Section 8 provides that the corporation shall carry on a national broadcasting service within Canada, and then goes on to provide the corporation with certain powers for the purpose of carrying on that national broadcasting service.

Section 21 Sub-section 1, grants the corporation the power to make regulations for certain enumerated purposes although it is not charged with making any regulations under that section.

You pointed out just now in answer to the Chairman, that certain of those regulatory fields are perhaps directly associated with the operation of the networks, but others of the powers are of a more general nature, applying to broadcasting generally. Then in Section 22 in Sub-Section 1, the corporation is required to make recommendations to the Minister of Transport -- the licensing authority -- on applications for licensing and all sorts of other related matters but the section says "you shall make a recommendation"



but it does not provide any standards or instructions in relation to which you are required to hear the application. So that, when you come right down to it, the only thing that the CBC is charged with under the broadcasting act, is that the act says it shall carry on a national broadcasting service within Canada.

Now, in relation to the structure of broadcasting that has grown up in the twenty years under this act, I wonder if you can tell us what your conception is of the meaning of these words "a national broadcasting service within Canada"?

MR. DUNTON: I think we tried to put that in our original memorandum to you. I think you will find it covered there where we have gone into it on about one page -- the first page -- where we refer to television because the main terms of reference of the Commission emphasized television -- or gave it first place.

THE CHAIRMAN: Which exhibit are you referring to Mr. Dunton.

MR. DUNTON: Exhibit 2.

MR. COYNE: Exhibit 2.

MR. DUNTON: We say, we just start off that the CBC is charged with carrying on a national broadcasting system.





we say here "for Canada" and then we try to give our ideas of what we understand on that. We think the purpose must be to provide a service for the whole nation reaching all parts of the country and providing that service in the two main languages of Canada, to develop the best possible service to serve Canadians in all walks of life -- then there are parts dealing with programming equipment and so on. If you are referring particularly to the coverage, we think that it means that it must serve all Canadians whom it can reasonably and practically reach. In other words, it may not be economically possible to reach some more outlying parts of the country, but, if it is a national service, it should aim at being a service to all Canadians and go as far as it can in doing so.

MR. COYNE: But in this description and in the context Mr. Dunton, in which we have been speaking, you are referring to the national broadcasting service as a programme production and distribution service, are you not?

MR. DUNTON: Programme production.

MR. COYNE: In other words, you are charged in the act with producing and distributing



a service.

MR. DUNTON: Yes.

MR. COYNE: But what has led to the development of what I might call the other aspects of the CBC's position in the present-day structure -- that is as an over-all regulator and supervisor of broadcasting generally.

MR. DUNTON: I think it was very much given that job under the act -- when it was assumed that all broadcasting stations in Canada, even if they are privately owned, would come to some extent under the responsibility of the corporation -- only to some extent -- the extent that they could be used according to the decision of the corporation to carry the national service programming and to the extent also that their activities would come under the general regulating powers of the corporation.

MR. COYNE: Well, let me put it this way -- in other words, the power is there under Section 21 to make regulations -- not only in what you have described as perhaps the direct network arrangements, but also to make regulations controlling and supervising broadcasting generally -- the power is there but somebody must have decided to exercise it.





MR. DUNTON: Decided to what?

MR. COYNE: To exercise it.

MR. DUNTON: Yes, we have decided to exercise it to the extent that we have these powers and we have this large responsibility given to us under the act, and what we understand to be the national policies, coming from recommendations to Parliamentary committees and so on.

MR. COYNE: That leads to the next question I wanted to ask you, and really the point I was making and seeking your comments on is this, this is quite a queer statute. It charges you with doing what on the surface is a relatively simple thing.

MR. DUNTON: I might say -- --

MR. COYNE: You might not agree with my interpretation but -- -- --

MR. DUNTON: The national broadcasting service and the conditions that they put on both broadcasting by public and private stations -- I don't think is a simple thing at all.

MR. COYNE: Well, it may be an unfortunate choice of words, but let me put it this way -- it charges you with doing something that on the surface is a fairly specific thing but it grants you the powers to carry on activities in what I might call a broader sphere, and I wanted to ask





you whether there have been any instructions given or any standards set up or policies declared by some one or other, which has resulted in the CBC exercising these powers which you refer to as powers -- -- --

MR. DUNTON: General powers of regulation -- --

MR. COYNE: General powers of regulation.

MR. DUNTON: Under Section 21?

MR. COYNE: Yes -- yes, I would say chiefly as expressed by the Parliamentary Committee.

MR. DUNTON: Starting with the one in 1936, that was the recommendation I think, where the act was drawn and they, in their wisdom, after considering all these things specifically, suggested that the corporation do have this control, but I think in some of the expressions it was "co-ordinate". In those days they didn't talk very much about regulation. It was co-ordinate. I think the legislators already realized that this was going to be a fast-changing medium and they set about making a statute under which there could be a great deal of flexibility of development and under which there has been, in fact, a great deal of flexible development.

MR. COYNE: So I suppose that what



the corporation has done in part, came from, in a sense, what it was to do, but always derived to some extent from the legislation and from what the Parliamentary Committees have decided, and since 1936 there has been a succession of Parliamentary Committees, am I not right?

MR. DUNTON: Yes -- yes, a great many since 1936.

MR. COYNE: And do I gather from your answer that the Board of Governors in carrying out their functions, look to the recommendations of those Parliamentary Committees and may, to the extent that they are representing some general consensus of what should go in, take into account these things in developing their role as co-ordinators of broadcasting?

MR. DUNTON: Yes, I think that was developed -- which perhaps does not fit entirely into the usual clear-cut formal legal development as we so often have said and as we think is perfectly clear from the statute -- the corporation has extraordinarily special reasons for being responsible to Parliament as a whole, and not to the Executive Government. This is for special reasons, dealing with the nature of it and the great desirability which has been often expressed to have not even the





appearance of partisan control, where you have so much opinion. So we do in a very real way, find that we do report to Parliament as a whole. How Parliament makes a decision, of course, is up to Parliament, but it is to give us guidance on the method that has been chosen, which is really a question of appointing a committee of Parliament to consider, examine and make recommendations, as we understand it.



As we understand it, the recommendations do not have any legal binding power but the Corporation has thought in effect, to a considerable extent at least, they were the voice of Parliament, and it is not a question as to whether we have tried to carry them out unless there was some strong reason, possibility of not doing so.

MR. COYNE: Although not bound to do so in the way that it would be if Parliament had chosen to enact it in a statutory form?

MR. DUNTON: We have found that we would have hated to go back to the next Committee having flaunted the previous one, and I do think that in the volume of Parliamentary Reports you get a fair bit of what you might call expression of national policy on broadcasting; they change a bit but you do get that expression.

MR. COYNE: Are there any other sources of direction or influence which come to bear in the development of policy by the Government?

MR. DUNTON: Yes, in another way, very definitely. Take the development of television. There in effect you get what we might call the overall national policy of the way television is to be developed. It is developed in part by a very limited number of CBC facilities in certain locations, and elsewhere by private stations, the CBC feeding the private stations. You get that very directly under the decisions of the executive government taken under its responsibility to Parliament and announced to Parliament, so I



think you get the shape of the television system set in by the CBC, not by the statute of Parliament, by the executive, but, of course, announcing it, the Parliament can in effect getting Parliament's approval since Parliament, following this announcement, vote loans to that Corporation on the recommendation of Government, to carry out the policy which has been put before Parliament. So you do get a very real shaping of policy.

THE CHAIRMAN: Mainly in the perspective of money?

MR. DUNTON: Or in holding the licence; the system has been very largely set by the licensing which was a decision of Parliament.

THE CHAIRMAN: I think Mr. Coyne's basic question is one that has been troubling me a good deal, to try and not only find out how it came about but also to try to get at the exact meaning of this relatively short phrase, "A national broadcasting service"; what are the elements of that which you have in mind, that you have been instructed to carry out one way or another? The sort of thing that bothers me is, is this a geographical concept, is it to cover all the people of Canada; is that the notion of the National Broadcasting Service? Is it a matter of programme content? Does it, for instance, deal with a sort of Canadianism in the broadcasting service, an element of Canadian identity of philosophy or what have you? Is it the use of Canadian talent; is it something to do





with a programme balance between different types of service and trying to make sure that different creeds and different interests get some kind of service from it? Really, what I think we are asking you is this, how do you conceive this phrase "a national broadcasting service"? Is it something that ought to be spelled out more accurately or can it be spelled out more accurately? The way you have described it, what you are doing under this phrase is sort of growing up in bits and pieces throughout the years without any clear definition of what a national broadcasting service in the Act is intended to be. It may be impossible to define it, I do not know, but is it desirable to try?

MR. DUNTON: Could I ask you to turn again to the first page of our memorandum because there we made an effort to say what we thought it was, and I think it covers most of the things you have enumerated. In fact we think all these different elements must go into a national service. The first is the geographic angle; it has to reach all the public that can reasonably be reached. That is the first and obvious concept. The second question which is important in the Canadian circumstances is to have both Canadian programmes and programmes from outside the country. Canada has a national interest in having programmes of her own heard and seen across the country, and from the kind of country we are we want to hear and see a number of good



programmes from outside the country, programmes made available to all Canadians right across the country. We say, and this is very important in view of some submissions put to you, we must aim to serve Canadians in all walks of life; in other words, to meet in proportion the various interests and tastes. We do not think the programme point of view would be good if it served only the low brow or high brow. We think as well as being geographic it should serve the interests of Canadians, or the different interests of Canadians. It is truly national in a wide sense in its programming, and to some extent you can only do it in some proportion, the sort of national body of the people, not just geographical, and different aspects of the interest that there is in their minds.

We go on to outline some of the things a national service should be.

COMMISSIONER STEWART: All the different ethnic groups of the country, because they are growing with immigration in the past few years -- is that included in there?

MR. DUNTON: I do not see it specifically -- ethnic groups -- but to reflect some of the different elements in Canada in Canadian life and that would be included there on page 2. That is the kind of thing we have in mind; I do not think it would be a good national service if it did not reflect some of those conditions that come down from Canadians of different origins.







I do not think it is an easy thing to define, and I suggest if you start trying to do it in statute it would be pretty difficult and the concept might change and develop a good deal. I do think all those elements we have mentioned are included in it.

MR. COYNE: Mr. Dunton, do you attach any significance in the statute to the use of the phrase "a national service" as distinguished from what might have been used "the national service"?

MR. DUNTON: Can you suggest anything?

MR. COYNE: I am just asking you.

MR. DUNTON: No, I do not attach any particular importance to it -- we do not.

THE CHAIRMAN: Well, I suppose behind the question lies the possibility that you may have other types of broadcasting service; there may be other national service provided otherwise?

MR. DUNTON: I know I think it could be national to the extent of stretching across the country. I think it is possible. There has been a lot of discussion as to whether the CBC would or would not stop any plans for a network across the country. I say quite flatly I think the Board of Governors would have to consider any concrete plans for the creating of private stations to form a network right across the country and producing a substantial amount of independent programmes. The Board would have to consider that. If you want to develop a national service to the extent that it



was right across the country I would not think it would be in conflict with this Act.

COMMISSIONER STEWART: On the other hand, we heard last week from the CARTB that the use of the phrase "a national service" meant that you were one service and the private broadcasters were another service and another system. Now, you have earlier in your submission here indicated that there is only one system, a coordinated effort of yourself and certain of the private broadcasting stations; they, on the other hand, state that the phrase "a national broadcasting service" meant that CBC was one system in itself.

MR. DUNTON: We have taken from the legislation, and, particularly, and even more, from the representations from the recommendations of various parliamentary committees, that in fact so far Parliament has wished broadcasting to be considered in a broader sense as all one system. In other words, a system the elements of which were subject to coordination or to use in the national service and the broadcasting should be said to some extent to be controlled in the public interest as all one system. I think the opinion of the committees is pretty well expressed by the Massey Commission, their concept -- I think we are trying to get into the use of words because I think it would be still possible, still under that idea of one system, that you may get an alternative network service across the country given by different stations.





I do not think that would exactly upset the concept of some overall planning and coordination in the national interest.

COMMISSIONER STEWART: Well, at least you maintain there is only one service or one system in Canada for broadcasting?

MR. DUNTON: In a general way. I would not put too much stress on it; it is a concept that has been used a great deal. We have felt that has been the intention of Parliament. As you see, this morning we have been suggesting to you that perhaps the outcome of some kind of network would accept the idea of two different systems really divided. We have understood it so far that the indication has been that all the facilities should be at least at the call and the need of the everyday national service.

THE CHAIRMAN: I think what really lies behind this particular branch of questioning is as to whether or not in your experience the statute is clear enough. We have had a good deal of evidence which suggests that there is a good deal of confusion in many people's minds as to what it is we are really trying to accomplish in this broadcasting sphere in Canada. You made some suggestions this morning as to why you think certain of this confusion has arisen, but is it possible that part of the confusion lies in the lack of a clear enough statutory statement of what our objectives are? I mean, you can state it in several ways by way of alternative without





indicating any particular view which we have not yet got; either we are going to recommend in favour of the notion of a coordinated system which we have at the moment or the one you suggested of some kind of separation. Supposing it is the former one, would it be well to say that it is to be a coordinated system because this really can stay in the statute?

MR. DUNTON: It could have some advantages, that would depend on the drafting. I think I am probably prejudiced in this because I think the Canadian Broadcasting Act is an amazing piece of legislation, and that written twenty years ago with some slight amendments it has been responsible for the development in Canada of the system. Anything we suggest -- it has worked pretty well; I think if further clarification of the statute takes place I would be fearful of the danger of relating the thing to practice, and it has developed something that nobody wants. It is very difficult to deal with.

THE CHAIRMAN: What I am really trying to get at is that for some reason there has been a good deal of conflict respecting broadcasting, a conflict of opinion; there has been, as I think you said this morning, a good deal of public misunderstanding of the concept. Now, the question is, is this in part due to the vagueness of the statute, on the subject, the fact that you have had to piece the notion of a national broadcasting service on a phrase in a twenty-year old Act plus



a series of parliamentary committee discussions and reports? Is there some chance of producing clarification in the public mind by a statutory definition?





MR. DUNTON: I think there is a chance of producing qualification in the public mind. I wouldn't know what exact wording to suggest within the statute. I think some useful clarification could be achieved with that word.

THE CHAIRMAN: But you think the broad choice, the one I indicated a moment ago, that it is either a coordinated system of public and private or a complete separation?

MR. DUNTON: We feel that is the broad choice, that there should be some separation in certain powers, but we don't think it is very good sense, practically.

COMMISSIONER TURCOTTE: May I ask a question? In Section 8, subsection (d), make operating agreements with private stations for the broadcasting of programmes. Then, Section 21, subsection (b), to prescribe the periods to be reserved periodically by any private station for the broadcasting of programmes of the Corporation. In your mind does that empower you to compel private stations to carry your sustaining programmes free of charge when you are not so empowered by the statute? Does that make two services? In other words, if you are providing a service to Canada there does not seem to be anything in the regulations that says the station must carry it free.

MR. DUNTON: It doesn't say it must carry it free, but we have taken 21(b) without question of fee or payment, but have the authority



to have them carried.

COMMISSIONER TURCOTTE: If they have to set aside time for which they might otherwise charge ---

MR. DUNTON: We have taken 21(b) to mean we can have it without paying if we think we need it.

THE CHAIRMAN: I don't think there is any doubt about that.

MR. COYNE: There is a provision in subsection (2) whereby the Minister may fix the amount of compensation if there is to be compensation. Has there been any time when the Minister fixed compensation?

MR. DUNTON: Not to my knowledge; not within the past eleven years.

COMMISSIONER TURCOTTE: In other words, the private stations have never questioned your right to make them carry the programme?

MR. DUNTON: No, but they have said some pretty strong things about it. There are a few stations who get some compensation, and it is a mandatory compensation for carrying national service programmes. I think it has been mentioned to this Commission in the first days of the Corporation there was some compensation to private stations for carrying the Corporation programmes, but as commercial revenue worked out it was thought they did not need it and that public money should be saved.

THE CHAIRMAN: At some stage I would





like to ask you a little more about the geographical scope in the service and so forth. I don't know whether you are going to come to that later, or whether now is the time for it.

MR. DUNTON: Whatever you say, Mr. Chairman, but I submit it fits more closely into the third stage.

THE CHAIRMAN: I thought I would ask you at some stage, and I thought I would serve notice now, to have your views at the point at which it ceased to be practical to try and get television service to every single Canadian within what you said a moment ago seems to be reasonable practice to do so. Also, at some stage, I want to ask you about the present adequacy of radio coverage and how much more is needed of that. I agree that perhaps finances and management is the place to get it.

MR. COYNE: Pursuing this matter of the national broadcasting service, if I may for a moment, in relation to your concept of what a national broadcasting service would be under the statute, how, for example, do you determine --- and it is, perhaps, just by way of example -- how much commercial revenue you should seek to attain or how much commercial activity the Corporation should indulge in?

MR. DUNTON: Let us take television first. In the first place, there is a general policy laid down by the Corporation about some programmes which in our view should never have





commercial sponsorship attached to them. Apart from that, and apart from some operating policies, about the number of spots you try to insert between programmes and that sort of thing, there is no limitation on commercial sponsorship. That is subject to not interfering too much with a programme balance and that sort of thing. And then our management works, and expects, and does go out and get all the commercial business it can, having in mind this policy about reserve programmes and programme balance and the very important matter of keeping programmes on the air which we think are important as in a balanced kind of programme we are talking about. Those are some sustaining programmes. We could get more sponsored programmes by dropping them, but as a matter of achieving programme balance we think those programmes should be kept on and the revenue should be increased by policy changes and a change in the kind of programme, such as opinion programmes, which we think are important and justify the reduced revenue. We could get more revenue by having an American film programme at that time.

MR. COYNE: Is the amount of commercial revenue you obtain purely fortuitous?

MR. DUNTON: It would work out from a play of those forces. The policy of the Corporation in general follows a balance of programmes we think should stay on the air and the rest would come out of the blue -- out of



how much business can be obtained. I might add to that not only the type of programme, but we feel we have a mandate to get a number of Canadian programmes on the air and we would not diminish this for the sake of getting a bit more revenue. So, it would result as a play of those forces, plus economic consideration, and plus how much sponsorship you can get and the policy of our management.

MR. COYNE: You speak of balance in a certain sense, which, I gather, relates purely to the content of the programme in the overall sense. Does non-susceptibility to commercial sponsorship of certain types of programmes play any part at all in the programme balance?

MR. DUNTON: It does to some extent, and it is partly overall policy and partly the machinery under our management. We not only have to consider the programmes which would be desirable under our balanced programme policy but also the need and the cost and the consideration of what money you can get back both in respect of programme and network time. I think it is quite possible out of the interplay of these forces to have a Canadian entertainment programme as against one that is not so much entertainment, because you know you get a larger response out of entertainment. So that, too, is one of the factors that enters into our memoranda.

MR. COYNE: So it would be a poor programme balance if you dropped for the coming





season the commercial revenue?

MR. DUNTON: Yes, because it would affect what the Corporation could do in the overall way. It is an extraordinary and complex balance of many factors that goes into the working of a national system which is relying both on public money and commercial return, both on private stations and public facilities, and it is awfully hard to isolate the particular factors existing in some circumstances.

MR. COYNE: To make sure I understand you, the factors which enter into this balance are more varied than similar, and an attempt to analyse the tastes of listeners and an attempt to throw them all together, would that assist you in getting a good deal more into a balanced programme?

MR. DUNTON: For instance, if you are offering non-commercial, as some CBC people think, we should get more public money and not get it from the advertiser. It ought to be a simple job first to work out policy and then try to get a balance. There are a great series of complications in that kind of figuring.

MR. COYNE: Pursuing that for a moment, don't you really have to have in mind when you are building up your programme a particular amount, or proportion, of commercial revenue that you are going to be aiming at when you have this programme developed?

MR. DUNTON: I think that grows, and it certainly grows in the minds of the management



and it grows in the mind of the Board, partly by experience. You find one year you can get a certain amount of revenue with a certain kind of programme. You want to have a better general outlook the next year. Mr. Ouimet and all his men study the taste of what the sponsors might be inclined to and what kind of programmes we are looking forward to next year both to get better programmes and better revenues.

COMMISSIONER STEWART: What percentage, on the average, of the programmes are sponsored? Have you any idea?

MR. DUNTON: This is not quite as simple as it sounds. As we know, there are programmes of different kinds that go out on the network, and of different lengths. I think you will find in the memorandum submitted to you a good deal of the information about those. I think this checks with the other figures in your network television -- just about half is sponsored. They have been running about half over the English network service.

COMMISSIONER TURCOTTE: In broadcasting time?

MR. DUNTON: Yes.

COMMISSIONER TURCOTTE: Would it be lower on the French network?

MR. DUNTON: Lower on the French network, but the French network is improving this year.

MR. OUIMET: It was thirty per cent for one week, and I think that week was recently





-- a week in April.

COMMISSIONER TURCOTTE: Is this radio or television you are talking about?

MR. OUMET: This is television.

MR. DUNTON: Radio, as you know, is much lower.

COMMISSIONER STEWART: Does that indicate an undue length of time given over for programmes of a serious nature, or cultural nature, if only fifty per cent is of such kind that is sponsored?

MR. DUNTON: We don't think so. Although some of those programmes may not be registered in the statistics as sponsored, there may well be lucrative advertising inserted between them even though it doesn't come in. Then, too, there are some programmes, such as news, which could go, likely, as well, to sponsorship, which we haven't so far. There is one programme which is very popular, of a Canadian production, which was sponsored last year and is not sponsored this year because, bluntly, an American quiz programme moved in on that time and the sponsor thought it was not worth while.

-

-

-





The situation has not changed. The programme, if anything, will likely be better than it was. Because of this situation in American television we are losing a certain amount of money this year, but the programme is just as good, and I think as well liked by the sponsor, as last year.

COMMISSIONER STEWART: I was thinking particularly in your report to Parliament of this year where you divided -- you classified your radio programmes into ten different classifications, and in those classifications it does seem as though there was a considerable amount of time given over to what might be called serious subjects.

MR. DUNTON: That is in radio?

COMMISSIONER STEWART: Yes.

MR. DUNTON: The radio service is a bit different. In radio to quite a large extent we are thinking more of the service to which there is in most places alternative service from private stations or from which certain elements will go on the private stations, but a large part of it may not. If Trans-Canada network were the only single service across the country, and there were not private stations, it would be rather different, and it would have a considerably higher proportion of lighter material in it. If you look over the schedule on television there is a pretty lively portion --

COMMISSIONER STEWART: I couldn't find the



schedule in the report. You had no breakdown in the television in the same way as you classified the radio programmes.

THE CHAIRMAN: We will, of course, be having an analysis available, but we haven't got that yet.

MR. DUNTON: I might say I think perhaps the Commission knows that this classifying of programmes into categories is not an easy one. There has been a lot of discussion between experts working on this and our people as to what labels you put on different kinds of programmes. I think you will find it more useful to look at the result of the work of your people, separating things into different categories. We took a sample week and broke it down.

THE CHAIRMAN: Mr. Dunton, will you tell me something generally -- and it may be a very elementary question -- but how do programmes originate? The sort of thing I am thinking of is, do these originations occur well down in the organization with a great many people contributing to it, or is it something that is defined at the top by relatively few people, and then when you start getting this programme production boiling up, as it seems to do, how do you determine its balance? How do you work out the way in which you have not too much of this or too much of that?

MR. DUNTON: Well, I will let Mr. Ouimet





answer that.

THE CHAIRMAN: Well, one other question, just to complete it: how do you ensure that a man with a particular interest or strong personality does not get too much share of the programme balance time?

MR. DUNTON: I will let Mr. Ouimet start answering this and I may have a little to add from the general Board point of view.

MR. OUMET: Actually, I think we should realize that we start not from scratch, but our programme service has been built up over the years. It has been developed from year to year, improving, adding, subtracting from what we had the previous year. Actually, therefore, we start the preparation of our programme schedule on what we had the previous year and what necessary improvements can be made, taking into account all those factors which Mr. Dunton has mentioned already regarding available programmes from sponsors, regarding any new developments in the coming year; and this is done by a great number of people -- programme directors in our various regions, in cooperation with our national programme directors. Each regional programme director brings to these discussions suggestions from the producers of his own region, so actually when the whole group gets together they have before them what was done the previous year plus all the possible suggestions



from all the people in the CBC, and then they make some general decisions, or tentative decisions at that stage to determine how much of the time will be given <sup>to</sup> /say, talks, public affairs, and how much to music, serious music, light music, and they review whether the proportions make sense, and then they come to some tentative schedule, and I say "tentative" because in many of these things, particularly in the English language network, we have to take into account not only what we produce, but also what we carry from the American networks. These programmes come on certain specific times, and that in turn determines the times of our own programming, although there is conflict and we may decide to drop the American network programme and put ours in its place. However, all these factors must come in, plus also the availability of facilities to produce programmes; the amount of money that we have, obviously comes in at that stage. So, there is a considerable amount of work by a great number of people, including the regional people, local people and national people. Somewhere during that process management comes in about budgets, about overall policies, and a few tentative schedules are submitted. Some changes may be suggested by management, or the schedule may be acceptable right from the start, and then finally, after about the twentieth draft, I would say, we come to a schedule which,





by the way -- and I forgot to say -- has to be discussed also with our affiliates at our affiliate meetings, and we start discussions fairly early in the season so that they will have time to know what is coming and have time to express their particular views. This preparation of our schedule is about the most important thing that we do in the Corporation, and it takes in a lot of people including our programme specialists, our commercial people, because commercial considerations have to be kept in mind; we discuss it with our affiliates, and we discuss it at the Board.

COMMISSIONER TURCOTTE: How often do you do that each year -- twice a year?

MR. OUIMET: Well, actually, we have the summer schedule and our regular schedule which takes the Fall and Winter, but actually the schedule may change; any one schedule may be constantly changing, with minor modifications during the year.

THE CHAIRMAN: Two questions arising out of that, Mr. Ouimet: first of all, there is opportunity, I take it from what you have said, for new ideas to get themselves translated into the programme schedule?

MR. OUIMET: Very much so.

THE CHAIRMAN: You said you start from something that has developed, but you don't just keep repeating it?





MR. OUIMET: No.

THE CHAIRMAN: The second question is, to what extent does the ultimate management decision which is, I take it, the final decision as to adequate balance of the programmes -- this programme balance we have been talking about -- to what extent does this whole subject of programme balance and programme content come before the Board of Directors?

MR. DUNTON: As Mr. Ouimet said, at some stage the schedule, depending on the stage it reaches, comes before the Board and is discussed. There are some ideas -- the Board has not stopped from putting ideas into the programme pot, and a certain number do go in, but from the very complex nature of the Board, it works more in a reviewing kind of way. Mr. Ouimet said the Board discussed questions, and perhaps he could modify that insofar as the final policy is made. The Board is to some extent a reviewing body, and it is the overall body responsible to Parliament in the end, and will exercise that if it thinks something is getting out of balance or is not a good thing to be doing, and it is discussed quite a lot at the Board meetings, and in some instances it may be that one particular programme will cause more discussion at the Board than an important matter of general policy, but it is in that way a responsible Board exercises its responsibility.



THE CHAIRMAN: I think my real question is, as we have heard many times, the importance of the Board of Directors is reflecting public opinion; it is supposed to be selected to represent different areas of Canada and different points of view in Canada, and if the question of programme content and programme balance is, as Mr. Ouimet just said, one of the most important features of the whole activity, then I am interested to know to what extent the Board of Governors, in fact, gets in on that?

MR. DUNTON: In fact, it gets quite a lot. I think at every meeting of the Board there is discussion about programmes. As I say, sometimes in more general discussion management puts up a schedule for the coming season as it looks at the time of the meeting, but at each succeeding meeting the Board will be discussing either the general programme pattern or general aspects of it. A Board member will come in from a distant part of Canada, perhaps want to know about some programme which has not gone down well in his area, and he will want to know why it happened, and he will discuss it with his colleagues, and there will probably be an explanation from management, and sometimes it ends up with an assurance that it won't happen again. The Board is composed of people from all across Canada and cannot be meeting all the





time. There are, therefore, gaps, when the whole Board is not watching programming. It does every time it meets -- reviewing, suggesting -- and one duty I have on behalf of the Board is trying to keep an eye on what is going on.

THE CHAIRMAN: One question arising from that, and from the point that was --

-

-

-

-

-

-



MR. DUNTON: Could I just make one addition, Mr. Chairman -- in addition to the general report there is also a question of reporting on specific programming and usually in regard to programming directors making reports on specific matters, they report on new developments in programming, apart from any report that management may bring up specifically.

THE CHAIRMAN: There is a question arising from that in Exhibit 14, dealing with the national programme service, where I think you do give quite a frightening or lengthy statement as to what is meant by the national service. Then in your overall memorandum you say that the scope of this service -- this is on Page 1 -- the scope of this service of the CBC has been determined by the national wealth and the needs of the people, its by geography and two official languages, its character by the democratic climate of our society. Now how does the popular opinion get itself across?

MR. DUNTON: In a lot of ways, Mr. Chairman. We have telephone calls that come in to just about everybody on the CBC -- every station of the CBC -- and letters.

•



You have heard people say that the CBC is not going to pay any attention to a few letters, but I think all broadcasters would agree -- even the private ones too -- that actually all the direct evidence you do get of public thinking about programmes gets a great deal of attention, because it is one of the difficult things about broadcasting that it is not too easy to get direct public response to these things. Therefore, in fact, a lot of attention is paid to what evidence there is -- what evidence the public chooses to give, as to its views on the different programmes. It is not only telephone calls and letters of various kinds, but all sorts of resolutions of societies and letters to newspapers and newspaper editorials and all the ways in which the public does express itself about anything; and I think you will agree that it does express itself about radio programmes as vigorously as anything else. In addition to that the corporation does make an active effort to find out more about what the public thinks. This is done firstly in a more or less scientific way, by studying surveys -- we have done a few, or the corporation has done a few on its own, but even more by working on trying to evaluate information out of work





done by other commercial agencies. The corporation does hope to develop this work further by actual study -- not only of how many people look at or listen to things, but why they look at or listen to things and what they want to look at and listen to which they are not having a chance to do now. In other words, to find out not just quantities but also qualities, about reasons as well as numbers.

In addition to that nearly everybody in the CBC themselves, naturally as a broadcaster in a broadcasting organization, tries to uncover other means of evaluating public reaction, studying all reports and surveys, and also by just a sense that I suppose any person would get to some extent if they are interested in what the public does think about these things. In other words, the CBC is extremely open-minded and welcoming to any expression of public ideas or tastes in programming.

THE CHAIRMAN: Certainly from what we have heard all across the country I wouldn't have expected you to say that you were lacking in public advice on the subject of broadcasting, but having got these thoughts from all sorts of places and people, then what do you do with them. Do you try to give people what they want



or -- -- I don't want to lead you into this without telling you what is in my mind -- -- but in connection with this same brief, on page 3, you use a phrase which struck while I was reading it, about half way down. You are talking about the importance of this balance in programming and you say it would be a mistake to leave unawakened certain capacities for enjoyment while others are glutted, which would be a misuse of these resources and an impairment of their great potential. That is almost exactly half way down the page. Now what I am trying to get at really is this, are you suggesting there that there are certain types of programming, certain types of things you could put on the air, about which if you conducted a poll today, you would probably get a one hundred per cent "no". This is simply because people don't know anything about it, but if they did know anything about it and were exposed to it, there may come a time when they will appreciate it. It will be an awakening capacity for enjoyment, in other words, and the thing I am asking you is this, whether there is a third dimension in this game or a fourth dimension--a time factor -- which requires





certain willingness and ability to wait and give something new a chance to become accepted. Have you run into this?

MR. DUNTON: Yes. These considerations are very much in our minds a lot of the time. I think we say in our main memorandum some place that the CBC just doesn't think anyone can reach the national service just by ratings; in other words, what the large numbers of people happen to seem to want at the time. That would be one way of running a service. You could simply have a survey to find out what kind of programmes get the larger audiences and then make your programming arrangements with only that in mind. But we think that you should give some chance to some of the smaller audiences to hear some of the programmes which might appeal to the smaller groups of people.

We think that history has shown fairly clearly, and in particular I mean broadcasting history, that people who do have a chance to hear and see some of the more what is called worth-while things, the more they like to see these things. The more chance we have found, that people have to listen to the worth-while, the more beautiful, the more they appreciate them. We think



that this is part of our job at least to give some people more chance to hear these things. This is getting into the field you were talking about. We don't think it is our job to lead the Canadian people down some wonderful intellectual path or anything like that, but we do think that the service should have some opportunity for them to see the forms of new creations occasionally which can be put before the Canadian people, and then they can see what they think of them.

Some of them may not be interested, some of them may, but we think that broadcasting would have a pretty deadening effect on society if it always chose **simply** those forms of broadcasting which seem to be much more widely accepted.

We think we should at least at times try things -- I don't mean we should be too esoteric and insist on the public listening to what only a small number of experts will want to have, but we should provide such things as would be capable of enlightening the public and giving them new interests, available to a large number of people. Part of our job is to put some of these things in front of the people that they can like or dislike. But we think that history of broadcasting shows



that the more people are allowed to see reasonably good shows and listen to good music and so on, the more people will want to do so.

MR. COMMISSIONER TURCOTTE: Is this what your recently formed public relations branch is trying to accomplish?

MR. DUNTON: It is trying to find out more about what is happening -- not just how many people listen to things -- but how we should develop and more about why more people want different things.

MR. COMMISSIONER TURCOTTE: It is going deeper into the matter?

MR. DUNTON: Well some things are wanted by the public which they don't have much chance to hear now at all.

THE CHAIRMAN: Is this position one of the problems in commercial sponsorship of programmes.

MR. DUNTON: Of course it is.

THE CHAIRMAN: What I am really asking you is this. I think it was suggested by one of our producers that by its very nature the commercially sponsored programme must, and quite properly must, seek minimum acceptance. It cannot afford to wait. Has this been your experience?

MR. DUNTON: I would say it has been,





in the first place, my experience that the advertiser has so much money to spend. He naturally as a sponsor, wants to get the best results he can for that period. He wants to reach the greatest number of people and he wants them to have benign point of view towards him and towards the product he is advertising. Therefore, naturally the advertisers usually don't want to associate themselves with these things. They prefer the proven popular appeal. They don't normally go to the carrying of new ideas or selling of new performances which are not yet fairly well accepted. In other words, I think both from the point of view of numbers of audience and also avoiding criticism, -- this is not universal but usual, the sponsors of programmes tend to want to stick to the fairly tried kinds of programmes.

I do not mean that I am critical of the sponsors. I think some Canadian sponsors, particularly, associate their names and their money and have done so more in recent years than years ago, with things that would have been thought pretty dead. Television plays for instance are an example, which have been sponsored and some of them have been criticised pretty widely. But the sponsor has kept his name and his money with them. I hope that more sponsors will be



ready to associate themselves with bringing some new things. On the other hand, I think it is a big responsibility of the CBC to try and get new things on which are successful.

MR. COMMISSIONER TURCOTTE: Would this have to be done by the production of sustained programmes for a lengthy period, and then when it is profitable, the sponsor would take it on -- is that it?

MR. DUNTON: Well, that happens sometimes with some programmes.

MR. COMMISSIONER TURCOTTE: Do you have to wait until you have a built-in audience and then they will find it is profitable and take it.

MR. DUNTON: I think that is going too far, sir.

MR. COMMISSIONER TURCOTTE: Well, do you have to be the ones to open up new fields?

MR. DUNTON: Well, in one sense. On the other hand, with what you might call forward-looking and experimental programmes, particularly in sound radio, on a sustaining basis, this has been done. But with respect to television I think the advertisers, in the early days of television, went a long way with the CBC.





MR. COMMISSIONER TURCOTTE: In taking a chance, you mean?

MR. DUNTON: In laying the money on the line when they couldn't be too sure of the results as to what would come out of it. I have great respect and confidence for some of the advertisers ~~who~~ were very much interested and they did come along with us a long way.

THE CHAIRMAN: But if you have a completely commercial system, would it almost necessarily have to work on a programme acceptance basis. Could you do it on a shorter range than you have been able to where you have some commercial and some non-commercial or do you have to work on a longer range in the commercial system.

MR. DUNTON: I think on the whole we do because while sponsors cannot set calculations -- as Mr. Ouimet pointed out pretty quickly -- the general planning and the general thinking of the corporation is that we could move further ahead since it doesn't have to rely entirely on commercial things. I don't want to be critical because as you know, in the United States there have been in quite recent years, some quite superb pieces of work done on television which have been done by commercial sponsorship. They



have at least taken part of the cost in some of these spectacular broadcasts. There has been something very important in broadcasting as well as the use of a particular initiative of one organization. I don't think you can generalize at all. We do say naturally the general tendency of advertisers as a whole is to stick with the pretty tried and true forms of doing things and it tends to be more unusual to associate themselves in breaking new ground.



And of course there are some kinds of programmes because of the size of the audience or in some cases the type, certainly in Canada we do not think there is much chance of getting sponsorship for.

MR. COYNE: Mr. Dunton, going on to a somewhat different subject related to this matter we were discussing at the beginning, how do the individual CBC stations when carrying local, that is non-network programmes, fit into the concept of a national broadcasting service?

MR. DUNTON: Let us take the television --

MR. COYNE: You might want to divide it into the two services, yes.

MR. DUNTON: In television under this there would have to be, I hesitate to use the word again but in a positive sense compromise. Each broadcasting station, each transmitting station in television is getting what you call network service going right across the country, our transmitters are getting these programmes out to people in a certain area. In the circumstances, financially and otherwise, it is not sensible that we try to have a full national service of programming designed for ourselves right across the country for the same hours a day as the television stations operate so it becomes very much more practical from the financial point of view our own transmitters, when they are not carrying the national network service, bring





additional service to the people in those areas and make a lot of money doing it. So, they do support the national service in a way and at the same time bring extra television service to the particular people of the particular area, that is not a drag on the national service, it is a very great support to it.

MR. COYNE: Because they are in fact making money on it?

MR. DUNTON: Yes.

MR. COYNE: Are they any different really in performing that function from any other local station?

MR. DUNTON: In television I would say very little different, very close to it.

MR. COYNE: Well then, what about radio?

MR. DUNTON: In radio, as I think we have explained, the way the system has developed in general both community service and non-network business, commercial business, where there is a so much higher proportion of broadcasting activity has been scattered and then left to private stations and the CBC stations carry a national network service. Then, I suppose you could call it a fill-in with other programming when they are not carrying the programmes which are not really designed to be carried all across the country.

MR. COYNE: In radio, are the CBC outlets, with small exceptions carrying network programming all the time?



MR. DUNTON: Yes, and perhaps the thing that is not too easy to understand, in general most of them are carrying network programming of some kind but some of that network programming may be programming which would be designed, that we would not expect private stations to carry. Usually it is more economical, since we have the wire lines under control, we provide programmes for a group of our own CBC stations as a group rather than individually as wire lines are opened anyway. Then, it is a network operation, it is not what one would expect to be of an enormous advantage if carried on a private station which would be the only station in an outlying area.

MR. COYNE: In connection with radio I think I noticed in a list of your Trans-Canada network stations that there were four CBC stations on the Trans-Canada network that were not basic, were merely supplementary "A" stations.

MR. DUNTON: That is the kind of thing you get in this so complicated system we have in Canada, that is really based on a commercial classification, it is perhaps an important thing and the main difference between a basic station and a supplementary "A" station is that the sponsor in general is required to take a basic station but is not required to take a supplementary "A" station. You are referring to our stations in Newfoundland, the situation is all practically commercial, the full network service is available





in Trans-Canada network in Newfoundland but the sponsors are not forced to buy that section of the network. All four of those are in Newfoundland and that is a rather special local situation.

THE CHAIRMAN: Are you through with this section?

MR. COYNE: Just one further question relating to what you mentioned a moment ago where you have not a strictly network operation but a programme that is going out to several of your own stations, I think that is how you described it?

MR. DUNTON: In a rough way, yes.

MR. COYNE: Are any of these programmes open for sponsorship?

MR. DUNTON: There is nothing against it on a network basis.

MR. COYNE: What I was wondering, what I wanted clarification on is this, we have been given to understand that the CBC in radio accepts commercial sponsorship on its network programmes but not on its local programmes and --

MR. DUNTON: The way I put it is, if we could interest a sponsor in one of those programmes it would in a way become a national programme and we would also try to put that on private stations and in that case it would work out and would take sponsorship on a network basis on all CBC stations which would make it pretty national but we would try to get the



sponsor to order the private stations too.

THE CHAIRMAN: Well, going back to television, the national television programme, you have eight CBC stations and 26 or 27 private stations.

MR. DUNTON: Twenty-eight now.

THE CHAIRMAN: Twenty-eight now on the national television network. You prepare a national programme service which goes out to the whole 36 stations except for the technical disabilities that may exist because a microwave really is not completed and this kind of thing but leave those technical disabilities out for the moment -- as I think someone told us this is running how many hours a week, this national programme service?

MR. DUNTON: Around 40, in some cases higher and in some cases lower depending on your station.

THE CHAIRMAN: Let us assume it is 40 hours a week, now the CBC station in Toronto, let us say, operates for, let us say, 72 hours a week at the moment, so does the privately-owned station in London, do they both carry 40 hours a week of the national programme service and then both fill out on a regular station basis the other 32 hours?

MR. DUNTON: Pretty well, except as I was explaining to Mr. Coyne, in the case of radio





there are some programmes which are not designed to be national network programmes, designed to go all across the country but which for reasons of economy we have a connection we are paying for anyway and it is done on the CBC stations. The example is the well-known programme Tabloid, it is not designed to be seen all across Canada but it is more economic to do that as one programme and carry it on the existing microwave circuits to Ottawa, Montreal and Toronto. In other words, it is a joint kind of community programme of non-national network service and there are several examples of that; the early evening news is another example but apart from this the station in London and Toronto would be working pretty much the same way and to some extent likely carrying some of the same film programmes distributed by sponsors on the national basis.

THE CHAIRMAN: The reason for my question was, I got the impression when you were before us last May or late April, I might have been wrong and if so I want you to correct my thinking, that the CBC was giving a bigger national programme service on television in its own operating stations than was being given on a national programme service basis to the private stations.

MR. DUNTON: I would think not to any





extent, we must have given you a wrong impression that in general what is pure national service would go the same to both of them. For various reasons stations may be allowed or, for some reason, may not carry some programme that would be regarded as national service. There may be a little difference in degree but in general it would be the same and that factor would be taken into account by the CBC in planning programmes. In other words, the big money comes into programmes which are definitely designed as national service programming and which it is expected will be carried by most private stations.

THE CHAIRMAN: You destroyed one of my questions because I was going to ask you why it was you could give a better service in certain uses of the word to citizens of Toronto than you were giving to citizens in other parts of the country where there happened to be private stations.

MR. DUNTON: Perhaps this came out in some things we said in our main memorandum in the difficulties at times that arise in getting private stations to carry national service. I think we pointed out that the pressure against carrying national service tends to rise, it did in radio and there are some illustrations in television where there was more lucrative business. We say it is pressure, we have authority to make



them carry the national service programmes and we try to meet their circumstances but to some extent there is pressure against carrying national service and in some cases there is a difficulty, stations have been allowed not to carry specific programmes largely because they had some local thing to carry and they could not carry the programme.

THE CHAIRMAN: Let us take it in general terms of television, the 40 hours a week is carried across the whole system, public and private; now what do you try to do in the CBC with the other 32 hours that are open to you on your own television stations?

MR. DUNTON: We try to give reasonable television service, largely entertainment, to people but with some other elements with a good element of community or local service in it and to make money and we do make money, a lot of it.

THE CHAIRMAN: That is a feature of it I was really coming to, having given the 40 hours national programme service, I take it that at least as far as you have gone you have done your job of providing a national broadcasting service in television. Now, you are left with 32 hours, do you really go out to try to make this pay?

MR. DUNTON: Yes, very much so, those are the policy instructions of management and they have been very successful doing it.





COMMISSIONER STEWART: You do, in fact?

MR. DUNTON: Yes, we do. I must say our individual stations, taken just as stations, not as network production points, pay very well, that is where we get the bulk of our net commercial television revenue and a large part of it comes from areas in which they are not operating or carrying network programmes. As we explained to you, the big cash return comes in non-network commercial business.

COMMISSIONER STEWART: Would it be fair to assume from that that since your radio is on a somewhat different tack, that radio stations actually lose money?

MR. DUNTON: Yes.

COMMISSIONER TURCOTTE: Because they do not take local advertising?

MR. DUNTON: Yes.

THE CHAIRMAN: I would like to come to that in a minute if I may, but sticking to television, is there any reason why, assuming you have enough time left over after the national service has been carried to enable a private station to operate over all at a profit, is there any reason why the CBC station should not operate as a station as well?

MR. DUNTON: I do not think so, taken as a station and not as a network originating point they all do operate at a profit and a very good one.



THE CHAIRMAN: Well, going over to radio the situation is probably quite different, how did it happen there developed one policy for television and you abandoned that policy for radio?

MR. DUNTON: I think it was the reverse.

-

-

-

-

-

-



MR. DUNTON: I think it was the reverse; after all, look at the history. The public operation came into radio broadcasting after the private operations, and then, perhaps, there were slightly fewer concepts about public service. But the national service began first by taking some network sponsored programme which would add to the service, but any wholly local non-commercial business was left to the existing commercial stations or those that developed in the period of particular financial stringency around 1947 and 1948. The network did take some commercial network business and there was a row about it and the Massey Commission suggested we retire again from that field.

THE CHAIRMAN: What I am trying to get my mind around, if in the radio field you have the job of putting out a national programme service and you do it, apparently, through private stations, and, apparently, through CBC, when you have done whatever it is, forty hours a week, and the same number on television, whatever it turns out to be, when you have done that and done your national network service and you are left with time over is there any reason why those stations, as stations, cannot operate as profitably as private stations similarly do?

MR. DUNTON: The first reason is the recommendation says we don't and we follow the recommendations.

THE CHAIRMAN: I can understand that,





but we may be able to make some other recommendations. I am undecided about this. If competition is such a good thing in this world why can't you compete? Your answer is you have been told not to by a competent commission, and what should our answer be?

MR. DUNTON: One thing I should say, I think it would be quite possible for the Corporation to discuss this and to take some non-network business on these stations and get some commercial advertising and to get some without seriously interfering with national service or the service on these stations. It would be that much money coming in from commercial sources instead of some others. I think, perhaps, it is more a campaign we are in against the private station interests.

COMMISSIONER STEWART: Did the only recommendation emanate from the Massey Commission or did it emanate also from the Parliamentary Committees?

MR. DUNTON: I cannot recall a specific recommendation from committees. On the other hand, they were always told of the situation, and, at least, tacitly approved. I remember one committee in 1946 or 1947 referring to the different kinds of groans of the private stations and the Corporation. There was a specific recommendation for us to keep away.

THE CHAIRMAN: You see you have been accused, Mr. Dunton, of looking at commercial activities with distaste and regarding it as



a regrettable necessity in your operations, part of which may arise from this attitude in radio, of when you have available time for commercial competition not using it for commercial competition, particularly when you are dealing with people who have very, very clearly stated to us they believe in competition. They think it is a good thing and that it stimulates improved broadcasting. If you are going to be in the commercial game at all, hadn't you, the same as in Guys and Dolls better ring?

MR. DUNTON: I don't think it would concern the Corporation greatly if you were to recommend they get more revenue and commercial operations, particularly in single stations and non-network operation; I think we could get a fair amount.

THE CHAIRMAN: In any event, the reason you haven't done so, you have attempted to follow out the policy of various studies that have been made by various parliamentary committees or the Massey Commission?

MR. DUNTON: Yes, or our understanding of what the Committees think even if it has not been specifically stated.

MR. COYNE: May I ask one question about the related history in radio and the fact that there were private stations in existence before CBC began operating, and in TV the situation is entirely different? If the single-channel policy in TV were abandoned or there were localities





in which there were both CBC and private stations, is there any reason why the radio system in this instance should be followed by the CBC in TV?

MR. DUNTON: We see no reason, but we have envisaged going on as we are now getting non-network revenue.

THE CHAIRMAN: I think we will adjourn there just in case Mr. Ouimet has to make some arrangement as the Dodgers won one to nothing.

---The Commission adjourned at 4.45 p.m.

- - - - -



ROYAL COMMISSION  
ON  
BROADCASTING

HEARINGS

HELD AT

OTTAWA, ONT.

OCTOBER 10, 1956

v. 46



ROYAL COMMISSION ON BROADCASTING

Ottawa, Ontario,  
Wednesday,  
October 10, 1956

PRESENT:

MR. ROBERT M. FOWLER	Chairman
MR. EDMUND TURCOTTE	Commissioner
MR. JAMES STEWART	Commissioner

- - - - -

MR. JOHN M. COYNE	}	Counsel
MR. A. J. de GRANDPRE		

- - - - -

MR. PAUL PELLETIER	Secretary
--------------------	-----------

- - - - -

FINAL SUBMISSIONS:

CANADIAN BROADCASTING COMMISSION

Mr. A. D. Dutton, President

Mr. J. A. Ouimet, General Manager

- - - - -





Ottawa, Ontario,  
Wednesday,  
October 10, 1956

---The Commission resumed at 10.30 a.m.

- - - - -

THE CHAIRMAN: Mr. Dunton, shortly before we adjourned last night we were discussing one point I would like to go back to, and that is as to the manner of operating the CBC owned stations, particularly the television stations. The information we have from our consultants on those stations is that they are operated as stations apart from the network originations. You felt that the CBC operated those stations at a profit. Do you keep separate station operating accounts? Are you able to do that as an accounting matter or are the accounts of the station originations and the programming and so on a station operation rather, mixed together?

MR. DUNTON: I have asked Mr. Ouimet to go into this. Our main concern is the national service and we are constantly watching the costs involved in the whole service, and the figures are broken down and are broken down in many ways, and Mr. Ouimet can explain some of those ways.

THE CHAIRMAN: The real thing I was trying to get at, so you will get the point of the question, is as to whether in fact all the costs of your Toronto stations are, in effect, allocated to the programme originations and other activities for the national service in Toronto, and



on that basis the operations, apart from the network service, I would think would obviously show a margin of profit because the operating of a station for a few hours longer than that of the local service would not be as great as even the very modest amount of commercial revenue you might obtain during those non-network periods. Whether that is the way it is done or not is what I would like to know, and, secondly, if it is, it is not a true accounting of the situation.

MR. DUNTON: Mr. Ouimet will explain further how it is done, but what I was trying to say, even if you carefully allocate all the costs which would be incurred by a station operating separately, in considering only that network it would still be a good profit, and Mr. Ouimet will discuss what would be involved in that extra amount of accounting.

THE CHAIRMAN: Our auditors report they haven't been too successful in accounting network operations as distinct from national programme.

MR. OUIMET: We do not separate in our books the expenditures of, say, CBLT Toronto as a station from those expenditures which are part of the network operation and production. On the other hand, from a general examination of our expenditures, I would say that definitely the station operation is the profitable part of our operation and the network operation is the place where all the money goes in. We have not got to the stage of separating our accounting simply because there have been more pressing things to do, but this is something





that has been discussed with your consultants and we were not able to provide them with detailed breakdowns because our books were not set up that way, but we are studying the advisability of separating it in the future. Mind you, all these things we do will add to the cost of our accounting system although in many cases they may bring up data that would be useful to management in arriving at a decision.

THE CHAIRMAN: The sort of thing that lies behind the question, Mr. Guilmet, if the general impression you have is that station operations can generally be profitable, the thought arises as to whether or not it may not well be worth the accounting expenditures involved so that you are able to exercise the true control and supervision over the station operations, so you will be able to watch each operation and really require it to show a profit, if it can do so, and thereby reduce the overall cost of the national service, whereas if the thing is all mixed up together there is danger you could have an inefficient station operation and it would take some time to discover.

MR. OUIMET: In agreeing, Mr. Chairman, with the desirability, if the cost of separation is not too great of having this added cost, I would not like to give the impression we do not have other methods of control in the expenditures of the station to make sure they are not run inefficiently. This may be added information and make it easier, but I would like to see how much it would cost to separate as against the possible added advantages



of the separation.

THE CHAIRMAN: I admit it is a basic decision of management rather than a decision that can be made from the outside. I think the thing that lies behind the suggestion is the necessity, if you are running something that does not show a profit, to put in the necessary control and incentive to make the profit really show up.

MR. DUNTON: Some of the divisions of costs would have to be on a purely arbitrary basis, some going to the local station and some to the network -- an arbitrary decision of the use of people's time.

THE CHAIRMAN: I think one of the other things -- you are not seasoned to allocate the costs of so-called integrated services between radio and television, and the general impression we get is that an elaborate accounting system and an expensive accounting system is involved in making that particular allocation and it might be better to be a little arbitrary in dividing those costs and save yourself some money.

MR. DUNTON: This would be somewhat of a job of the same kind as in making an arbitrary decision.

THE CHAIRMAN: We have a number of other questions. We tried last evening to sort them out in some kind of order, and then we will come back to your other three presentations. It may be that some of our questions would more properly come in at a later stage of your presentation, and if so, tell us, and we will hold them.





MR. COYNE: Mr. Dunton, in the discussion yesterday you considered a distinction between the different types of regulations, of controls, that the CBC exercises. In the first place you referred to what might be called the operational regulations ---

MR. DUNTON: I kept calling them authorities over network distribution.

MR. COYNE: Regulation over network distribution, and then in addition there are the general regulations, affecting broadcasting generally, under the other sections of 21, and then the licensing you perform in recommending on licensing matters.

MR. DUNTON: Yes.

MR. COYNE: Taking the first division, if you like, the regulations having to do with distribution, the getting out of your programmes, you pointed out that in your view these were essential for the operation of a network of the type you are charged with operating. In connection with that kind of regulation, that is having to do with the distribution of your programmes, the arrangements with private stations to carry your programmes, it has been suggested to us from time to time that the private stations should have some right of appeal against, if you like, the edict of the Corporation that they shall carry a certain programme, or certain programmes, or be a part of a network. What I would like you to do, if you would, would be to comment on that, perhaps, that there should be some right of appeal, and also to give your views as to whether in operational broadcasting there





could really be an effective appeal from that type of decision of the Corporation.



MR. DUNTON: I start by saying that I think we in the CBC, just like anybody else, generally think the right of appeal is a good thing.

MR. COYNE: I am thinking of more in practice in this operational sphere.

MR. DUNTON: I think I tried to emphasize yesterday that authority exercised over the distribution is very much involved in operations, in fact, we have not been able to work out, through the years, any written, long standing rule governing these things. Decisions keep arising all the time out of operations, this kind of activity I was talking about yesterday where you have public intervention where that public intervention must be in an extremely flexible form, therefore, we say it must be delegated to an authority that will exercise it in a flexible way and be responsible for its general carrying out of authority and responsibility. So, it seems to me that the kind of appeal you could have from that is the kind of appeal you have, that is the appeal to the legislature that delegates the authority to the body, to the CBC. I will agree it probably is not too good a kind of appeal, say one station is annoyed because the CBC insisted they carry a certain programme there is in broadcasting a certain appeal. As you can realize, these decisions are often made in the first instance by some officials of the CBC, as in fact often happens, there is an appeal





to the management of the CBC and very likely to myself as a member of the Board on duty and then if it gets serious to the Board as a whole. But still there may be a desire for an appeal from the Corporation as a whole. We say that right of appeal, the possibility of appeal has existed very much in the form of Parliamentary committees, a fairly ready access to Parliament. I agree a station won't consider it worth while to take one instance about one programme to Parliament, on the other hand, I think it is a very real right of appeal against certainly any overall unjust behaviour of the Corporation and the fact that the legislature does watch its operations pretty carefully and make available the mechanism of a Parliamentary committee for complaints to be lodged, as in fact through the years quite a number have been, I suggest there is an appeal.

COMMISSIONER STEWART: But as a practical matter it would not be very efficient to appeal to Parliament surely because the decisions that will be made are often made from day to day on operational items which have an immediate effect on the individual station?

MR. DUNTON: I am agreeing with that but it is probably not too complete a form of appeal for a station because the CBC is insisting that from next Tuesday on you will carry a certain programme; it is not very effective but frankly I do not see how you can have any form of appeal



that would be effective. I think what you have to rely on is the fact that there is an appeal, that if the Corporation is doing that too much there will be an appeal to Parliament.

THE CHAIRMAN: I wonder if that is the very point, as Mr. Stewart was saying, there is really no appeal over carrying the XYZ programme next Tuesday night but if you persistently overload this station by a series of actions then perhaps there is an appeal of that kind in practice.

MR. DUNTON: That is what I am suggesting.

THE CHAIRMAN: Just pursuing that appeal notion again, I think all of us will admit that an appeal is a good thing, that any organization is better if it has some supervision over it.

MR. DUNTON: We certainly do.

THE CHAIRMAN: In order to check up on it. The thing I think is the difficulty in this matter is trying to find an appropriate body to which you can put an appeal; courts obviously would not be suitable for this kind of thing as to whether a station should carry a certain programme next Tuesday night. Have we anything else in our system that would be an appropriate body for appeal?

MR. DUNTON: We have not been able to think of it and I think it is partly because of the fundamental difficulty, contrary to some other things that have been said to you, we do not think these things are in the nature of a judicial or





semi-judicial kind, they are essentially judgments or appreciations of where the greater public interest lies. The Corporation makes those judgments according to where, under its responsibilities, does the greater public interest lie with all the conflicting broadcasting details that would go into that. I do not see how there could be in practice any real appeal to any sort of semi-judicial body because they are not weighing some judicial kind of things, they would be weighing intuitions of where the public interest lies. It seems to me the important thing is to have clear and proper responsibility, somebody has the responsibility for making these decisions as to where the public interest lies and its appreciations may be and are from time to time reviewed. I cannot see that it is an appeal of a semi-judicial kind.

MR. deGRANDPRE: Would it not be possible to have some kind of an arbitration board where one member would be appointed by the CBC, another by the private stations and an umpire if the two are unable to agree because these people would be broadcasters by profession and would have some background which would enable them to know something of the situation?

MR. DUNTON: I might say we are not trying to suggest we would not be happy to find more or better mechanisms to deal with any disputes that may arise but surely when you think of an arbitrator you think of somebody helping two parties to decide between two cases but it is not a matter of deciding





between two litigants or two disputants but of determining these often vague things where the public interest lies. I do not see, putting it frankly, where an arbitrator without the authority of the Board of Governors would be in a position to make a decision, not that the Board would necessarily be right, but I do not see where an arbitrator could make a better job of making that decision and, finally, since it is a matter of public decision has to go to the legislature which has given authority to the Corporation.

COMMISSIONER STEWART: Are there in fact many, I would not call them disputes, but disagreements on principle between the CBC and the private broadcasters?

MR. DUNTON: In our view very few.

COMMISSIONER STEWART: And those that do come up require almost immediate decision?

MR. DUNTON: Exactly, Oh yes, always very quick.

COMMISSIONER STEWART: So if that is the case a board of appeal would be useless on any particular case because the event would have taken place before the board could meet, would that be correct?

MR. DUNTON: Yes, I think in nearly every case it would. Could I give you an illustration that comes to me, it is one of the last kinds of disputes of a fairly major kind that arose. It arose



in connection with the starting of political broadcasts last year, it happened to begin in the middle of a television season which was awkward and the first CBC decision was a fairly rigid one that this rather awkward time of 10 minutes would be carried at a certain time on a certain night in the week right across the country. Some of the stations protested rather vigorously, they said it would upset business they were planning or upset their pattern of programming, that it would interfere with their commercial programmes and the programmes the CBC was feeding them that same night. Of necessity they wanted to see the commercial revenue available on network programming that night in their own local area. A compromise was worked out in which, because it started so late, the network stations, in fact all stations, were given latitude between the number of hours in carrying the programme. This is the sort of thing I suggest would be very hard for some outside person to deal with, it had to be decided quickly, you could not have the time for a long appeal, the programme had to start. That is the sort of thing you get into.

THE CHAIRMAN: Going back to your analogy on the educational system, is this kind of thing you are talking about similar to the Ontario Department of Education deciding that they are going to drop





Latin or keep Latin on, it is not something on which you can make an appeal.

MR. DUNTON: I think you are putting our programmes on a pretty high level, a classical level but I think this, presumably a parent or a group of parents object, I do not think it now applies, this objecting to the fact that children have to learn Latin, you find the only place you can go is the representatives at Queen's Park but you could not have an outside arbitrator decide on that because it is the responsibility, in this case, of the Minister of Education who has to answer as to how he carries that out.

MR. COYNE: And in your view is it not the responsibility of this factor, in this sense, that any board such as we have been discussing which would hear appeals would have in this Board, or would have the power to interfere with, to modify the operations of your network without having any responsibility for the distribution of your network programmes?

MR. DUNTON: That runs through all our thinking about this changing field of broadcasting, the idea of responsibility and authority.

MR. COYNE: Would you agree this aspect is particularly true or applicable in this field in which we are talking about, this getting out of programmes?

MR. DUNTON: Particularly because it is a field in which we cannot see any kind of semi-judicial



judgment, it is an exercise of responsibility carried out by a large organization, by many parts of the organization and finally it comes to the responsibility of the Board and the Board should answer for it, not somebody upsetting decisions made, somebody who has not got that responsibility to try and act in the public interest. It is always this judgment of the public interest, it may be right or wrong but we have somebody responsible to make it.

MR. COYNE: Then, turning to a slightly different subject to pursuing this distinction you have made as between the operating or distributing rules and regulations and on the other side the general regulations and the licensing functions, suppose the Board did make general regulations and the undertaking of these licensing functions which you said yesterday were not essential to the CBC carrying on a national broadcasting service, were transferred to some other board, in your view what kind of a board, speaking generally, would be required to adequately perform these functions. Let us take them one at a time, for instance, the making of general regulations affecting broadcasting generally throughout Canada?

MR. DUNTON: I think one obvious thing would be, I think the Board would have a fairly close acquaintance, among other things, with the problems and functions of broadcasting. I take it





as a first assumption that it is a pretty representative body in some ways to be widely represented by the different regional interests in the different spheres of interest of Canadians because broadcasting is such a wide thing, it reaches into everybody's home. To me it is not a question of a judge sitting back and trying to judge an exact interpretation of the law or, perhaps in the unusual case having to make some new law by a decision. Under the general broadcasting regulations again you are weighing, where somebody has to judge where the public interest lies, what limits should be put on stations in the general public interest. Well, in broadcasting there could be a great many different opinions about that and also any regulations you make sometimes will have strange effects in the practice of broadcasting or just not apply, or perhaps someone not very familiar with broadcasting would think they would apply. So I would think the people on the Board would somehow be wise if they had a pretty close knowledge of what was going on in broadcasting but still would be speaking for the public.

MR. COYNE: Is it the substance of your answer then that speaking generally the type of board that should deal with these matters of general regulation and supervision of broadcasting





should be a board very similar, in a general sense, to the old present Board?

MR. DUNTON: I should think so, without trying to praise our own Board, I think, to me, it would have to be.

MR. COYNE: In the sense of being widely representative of the public opinion?

MR. DUNTON: Yes. To me it would be illogical to have a very small board composed of a judge, a lawyer, an engineer and perhaps one or two others deciding on general regulations about programmes and developments which are matters of the appreciation of millions of people living in their living rooms, what they want or do not want to hear, what limits, in fairness in the public interest, should be put on what they hear.



MR. COYNE: Well then coming to the third aspect of the licensing function -- or what I call the licensing function if you like in the over-simplified sense -- do the same considerations apply there as to the type of board which is required to deal with these technical matters.

MR. DUNTON: I think very much so.

MR. COYNE: Perhaps I could lead you with a specific question -- is the CBC Board of Governors an appropriately constituted body to deal with the licensing, the technical aspects of licensing of stations and increases of power and channel changes and all that sort of thing.

MR. DUNTON: May I start by saying that I have heard our functions with regard to recommendations on licensing referred to as being in the nature of adjudication, often between parties. Again we find not very much in the nature of adjudication, or, there may be a part of it in this function, but again, it is once more trying to establish or appreciate what is really in the public interest.

Supposing we have two applicants before us for the same channel when only one station is available, we don't find it is in the nature of a hearing of a legal case between two people where there





is a point of law or somebody may have damaged the other, but it comes down to someone finally making an appreciation of which man is actually going to do the better job or likely to do the better job if he gets that license. Appreciations can be pretty difficult and pretty fine at times. I think obviously, before trying to make that kind of appreciation, again, it is advisable to have people to represent the public interest and who can speak in a pretty general way for the public interest. Also we should have people who have a pretty good knowledge or experience of broadcasting. Sometimes it quite bluntly comes down to making an estimate by intuition as to which man is likely to do a better job. Well then, experience plays a large part in that -- a knowledge of the practical things in broadcasting, what has gone on before, what is most likely to happen in the future.

On the technical side perhaps I can explain, actually most of the technical considerations are worked out before it reaches the board of governors. I would think under any system that you want, it would be the same as it is now. Applications are made to the Department of Transport for examination by them from the point of



view of technical suitability and in fact don't even get referred to the board of the CBC unless they are satisfied that they are, in a general way, technically correct. They go through a committee which is much less important -- and is simply a means of liaison through which applicants can go through their technicians to ours and then any comments on the matters that may not be technically an obstacle to an application, but there may be some technical factors involved, are drawn to the attention of the board. The board always questions the applicant about such matters. In other words, actually the board, as we have found it, does not need to have an enormous amount of technical knowledge because it is sorted out for us by the licensing authority.

MR. COYNE: So that in making your recommendation you may well have in some cases the need to depend upon technical instructions.

MR. DUNTON: It may be. But rather seldom as they are usually pretty clear cut before.

THE CHAIRMAN: May I ask you this, Mr. Dunton. With respect to this licensing function of the Board of Governors, did it start out that way. Was this the original intention of the act, or has it sort of grown up in practice. The thing that is



in my mind is this. I can understand how licensing which is technically placed with the board or the Department of Transport, among a great number of other types of licensing which the Department of Transport does -- the taxicab systems and the ship-to-shore telegraph and telephones and so forth -- that a lot of things come up and never go near the Board of Governors of the Department of Transport.

I can understand how at the outset somebody had an idea that it might be a good thing for the CBC in certain instances, to be asked for their opinions on licensing matters.

Then, is it true that a great deal of procedure has been built up by holding public hearings and dealing with the various matters as they come up, and adjudicating on more and more things in the licensing field -- adjudicating, perhaps not in the technical sense. It has been suggested to us it has really become the main decider on the subject of licensing in a practical way. Can you tell me exactly how this started, was it the intent from the beginning, or has it been something that just happened.

MR. DUNTON: My understanding or my





guess is that it was put in the act as a need for a reference of applications to the corporation, because of the concept of the one over-all Canadian system. If we were setting up a national service in the act, there was provision for private stations sort of "fitting in" with that or under it, and, therefore, it was following out that concept that these people responsible for the national service should have a strong power of recommendation about any private station coming in, since it was supposedly to fit in in one way or another with the system as it developed. I think that was the key. They would want a strong recommendation from the national service and it is natural that what it said should carry a lot of weight.

My guess is that at that time not so much thought was given because of adjudicating between different parties or that sort of thing -- people weren't so concerned about it. I think what happened is that it was considered the board, with the kind of system we have, should be given a strong power of recommendation within the licensing authority. I think it would also have been felt that this would be useful, not only to get views from



the national service, or the interest of the national service, but to have the board making recommendations composed of people from across the country, drawn without any possibility of interest in whatever happened.

There would also be people who had to have a great deal of practical knowledge about broadcasting and so in effect would do the two functions at the same time -- they would make recommendations from the point of view of what would or would not affect the national system and at the same time presumably be an impartial body to state it bluntly, take off the Minister's shoulders to some extent some of his worries and to be a body to whom he could refer as to matters between applicants or, for instance, a question of whether or not it was sensible for a station to be established in St. Mary.

THE CHAIRMAN: I think you have really put the point I had in mind very precisely in your last answer.

That is, that this may have started out with a view to asking the CBC Board of Governors to make recommendations as to how it would affect the national service and as such, it is a perfectly necessary national thing that should be done. However, it may have shifted to the





point where other things have been added which really, apart from the technicalities of a final decision, mean that the hearings and the judgments in very large measure have shifted to the CBC Board of Governors.

MR. DUNTON: Well, I suggest it may have been that they did a pretty good job.

THE CHAIRMAN: May be -- that may be -- or it may have been that you were the only ones around to do this job. We are dealing with this in some detail because certainly, it seems to me, that this is one of the points on which confusion in the system has arisen. Would you agree with that?

MR. DUNTON: Yes, I think it has. And I think you will remember, I said yesterday, that we did not think it essential to the continuation of the present system that the Board of Governors continue to be the body for making or adjudicating on recommendations after hearing different parties. We don't think it is essential. We think that there are obviously a great many practical advantages in it, but we don't think it is essential.

THE CHAIRMAN: I suppose the main practical advantage consists in it not having to set up another even smaller



board in say the Department of Transport,  
for hearing these conflicting claims for  
licensing.

MR. DUNTON: I think so --  
yes.

MR. COMMISSIONER STEWART: Not making  
use also of the technical knowledge which is  
within the corporation.

THE CHAIRMAN: That is true.

MR. DUNTON: There is another point  
I think, that you would have certainly, the  
views of the national service well represented.

THE CHAIRMAN: Well, yes. Don't  
let anyone take this as anything but a mere  
illustration or example -- I have no notions  
or conclusions on this point at all, but  
supposing you did have a three-man or a  
five-man board set up in the Department of  
Transport to deal with licensing. Obviously  
that board would have to hear the opinion  
of the CBC as it affects the national ser-  
vice. Now what else would it have to hear?  
It would also have to hear the conflicting  
views of the various applicants -- the private  
broadcasters who want to get a license, or  
who don't want somebody else to get a license.  
That would mean that that particular group  
in the Department of Transport would have to  
know quite a bit about broadcasting, would  
it not?

MR. DUNTON: I think so, yes.



THE CHAIRMAN: We are back where we started.

MR. DUNTON: I might say this -- quite personally -- that our board would feel if there are going to be second stations that they would be just as glad if some other body was going to hear the claims of stations in Toronto -- that is other than the board themselves.

MR. COYNE: I am just trying to get this into some perspective and I noticed in your annual report that the Board of Governors met six times for a total of 16 days. Now, how much time of that 16 days, speaking roughly, did the board in fact spend dealing with these licensing matters in a quasi judicial function if you like.

MR. DUNTON: I don't know the statistics or any time study on it but I guess it would be about one-third.

MR. COYNE: About one-third of the 16 days?

MR. DUNTON: One-third -- perhaps a little more.





MR. COYNE: Third to a half -- six to eight days; is that a reasonable guess?

MR. DUNTON: Yes. The pattern of our meetings ~~the~~ usually three-day meetings. In the first place the amount of work on, say, licensing does not affect the amount of time the Board takes on the other things. When it meets, it does all the work there is to do, so the meetings may vary. All the first day is usually taken up with more or less general Corporation business, and usually the public hearings start on the second day, and those may vary greatly; sometimes we start in the morning and sometimes it is a long day and they may run on to the third day, and usually on the third day the Board, if it has not already done so, makes its decisions on recommendations and finishes up the other work. Because it was not doing that, I don't think would affect the time it spent on other things. It would simply be shorter meetings of the Board.

MR. COYNE: In other words, if they didn't have this function they might only meet for two days each time?

MR. DUNTON: Yes.

MR. COYNE: So, assuming these individuals find it convenient now to spend three days at these meetings, if you find some useful work for them to do in those three days they would be available?

MR. DUNTON: They are all pretty conscientious people, although busy people, and if there isn't work for them they would be glad to



get back.

MR. COYNE: The question I wanted to lead up to was this -- and perhaps you have answered it or eliminated its significance -- but you say the Board does not regard this function as essential to its overall operations: is it desirable that they should have this function, in this sense, that why should these busy men, meeting only occasionally, as must be the case, and yet carrying a very broad responsibility for broadcasting, why should they devote such a major portion of their time to what I would suggest to you is largely incidental to their main function?

MR. DUNTON: They have done it so far because it is apparently their duty to do it, and I think I made it pretty plain yesterday, and our own Board feels somewhat strongly about this, we are not pleading to keep on this sort of function by any means.

MR. COYNE: Would you like to get rid of it?

MR. DUNTON: Let me put it this way: I would leave that to somebody else's judgment. It is not the most interesting part of our work.

MR. COYNE: And not the most essential part of the work?

MR. DUNTON: No, not the most essential.

COMMISSIONER STEWART: Mr. Dunton, when CBC desires to open up a new station, and for that reason must be allotted a channel, I understand there are no public hearings on such applications?





MR. DUNTON: Not usually, although, curiously enough, in the case you have mentioned many times there was, in effect -- the famous case of the television station in Newfoundland -- at that time we were having a hearing in connection with a recommendation on a private station there, and we went to Newfoundland to hear it, and the meeting turned largely into a series of representations from very important organizations in Newfoundland as to why it should be a CBC station rather than a private one. So, in effect, there was a public hearing, very much so, on whether it should be a private station or a CBC station. It has not been the usual practice to announce a public hearing on CBC stations. We have thought about this ourselves, but there are factors that perhaps are not apparent on the surface: we are, after all, a public body and we are subject to Parliament, and in some instances to do with licensing facilities, act on the suggestions of the executive. Take the pattern of television stations in the country; the fact the CBC was to have only the eight stations. That, in effect, was a decision taken after very careful consideration by the executive government. It was not a thing, as I could see, on which there could very well be public hearings; I don't know if the Cabinet want to work that way, but they took it on their responsibility to Parliament. It was much a matter of national decision. It is known the CBC want and need under the pattern more stations across the country than the eight in six locations, but it is a decision of the Government.



COMMISSIONER STEWART: It was a decision of the Government, but let us get back to radio: have there been occasions when the Board of Governors of CBC have decided they should have a station at "X" point in the country and have asked the Minister for the necessary licence without having a public hearing?

MR. DUNTON: Yes, I think that has happened in many cases.

COMMISSIONER STEWART: Is there any reason you can see why the CBC should not give public notice of their intentions, so that those interested in this medium of communication could have a say in the matter in the same way as you have a say when they apply?

MR. DUNTON: May I say first that I think in practice, usually -- especially if it is a big project -- the intentions of the CBC have been well known. They have often been debated in Parliamentary Committees before they were put into practice, so, there has been the occasion for public debate and public representations to the executive or to Parliament.

COMMISSIONER STEWART: But don't you think it should be formalized in the way of a hearing before the Minister, who is the licensing officer, in the same way as private stations when they are applying have to have a public hearing?

MR. DUNTON: Formalized for hearing before the licensing authority?

COMMISSIONER STEWART: Yes, rather than having a debate in Parliament, which is not anything





formal.

THE CHAIRMAN: Irrespective of where it was, a public hearing of some kind.

COMMISSIONER STEWART: Yes.

MR. DUNTON: We would have no objection. We want the opinion of the Minister as to whether he would want a public hearing. We would have no objection at all to discussing somewhere in public our projects, because we do it so much, anyway.

MR. COYNE: I suppose a good example in television, but not relating to the establishment of stations, but, say, the transfer of your Toronto station from Channel 9 to Channel 6, and the increase of its power; if private station wished to make that sort of switch there would have to be a public hearing before the Board of Governors, wouldn't there?

MR. DUNTON: Not necessarily. Their application would have to come, and if somebody wished to speak to it, they could.

MR. COYNE: Yes, the opportunity ---

MR. DUNTON: The opportunity is there.

MR. COYNE: Applying Mr. Stewart's question to that specific example, in this way, is there any objection in your mind to the CBC announcing that they have this in mind, and the Board of Governors giving an opportunity for people to express their views on this subject before the final decision is taken?

MR. DUNTON: I don't think there is any particular objection again. I think there it is





an obvious situation: a better channel did become available; under the Government policy nobody else could apply for it, and the CBC was in a position where it had to increase its coverage to match the other private stations. There ~~was~~ nothing much to debate.

MR. COYNE: You are really giving what probably would have been the written reasons of the Board of Governors as to why the application was granted, but that does not mean people should not have had an opportunity.

MR. DUNTON: We see nothing wrong with having the opportunity.

COMMISSIONER STEWART: There has been a considerable amount of confusion over this change of channel from 9 to 6. If there had been a public hearing, public knowledge would have been greater than it was, and you would have been saved a whole lot of confusion.

MR. DUNTON: If public hearings would save the confusion that is developed about such things, we would be very glad to have them.

THE CHAIRMAN: Mr. Dunton, according to what he said yesterday, thinks it a debatable question as to whether there would be greater or less public knowledge as a result of public hearings.

MR. COYNE: Mr. Chairman, this is leading us into matters of procedure on licence applications.

THE CHAIRMAN: I had a number of questions on that. Have you some also?

MR. COYNE: I wanted to lead off with this question: what is the purpose of this joint



technical committee we have heard so much about?

MR. DUNTON: The purpose is much less than has been suggested.

MR. COYNE: What is it and how does it function, and what is its purpose?

MR. DUNTON: It is a liaison device. The Department of Transport, which has the responsibility of all applications, collects them in and sees they are in proper form, and usually there is correspondence between them and the applicant to see that all the information is fully there. Then there is a cut-off date after which the applications to come up at a certain Board meeting will not be received. Then all those applications are brought up at a meeting of the joint technical committee which consists of some officials of the Department of Transport and some CBC technical officials. It is to a large extent an exchange of information about any applications of which Transport and the technical people convey any particular technical considerations, or on which the CBC technical people may raise in advance, with the licensing people, the real experts in authority, any question they may have about the applications. Most of the applications simply come to the Board with a notation "Technically possible"; that is the usual one. This is from the committee after it has been looked at. If there is any special thing, any obstacle under the treaty or something like that, such as there may be some possibility of heterodyne interference, then the technical





people will look, and they will ask the applicant, and the technical people will speak ---

THE CHAIRMAN: Well, I think the point of the question is, is there any duplication of function here between your technical people and the Department of Transport technical people? The sort of thing I am thinking of, to put it specifically, have you got technical people on your staff devoting themselves to this joint committee operation which you would not need to have on your staff if you didn't involve yourself in this, particularly where the technical duties are vested clearly in the Department of Transport?

MR. DUNTON: No, I think not at all. The technical committee meets about five times a year -- the same number of times as the Board -- usually just for a couple of hours at a time. The CBC has to have a big engineering department, and it includes some very good transmission engineers. The CBC has to have them for its own purposes. It takes very little of their time just to look at applications and see if there are any particular things which they may want to raise on behalf of the Board. One of those people usually attends a Board meeting to advise the Governors or to make suggestions to the applicants. It is very little extra work, because they have to have so much knowledge about transmission, in any case.

MR. OUMET: May I add something; in the first place, I have nothing to do myself, as General Manager, with the technical subcommittee. I provide



the staff, and since we have the staff in the first place it does not mean any more staff, and I don't know the history of this because it wasn't my concern when this was set up, but I think that the CBC has a large, competent engineering broadcasting staff, and I think that it is a good thing to have both Transport and the engineering staff of the CBC exchange views on a matter such as this. I think we can contribute not to the decision -- well, in a case like this, actually, there may be decisions to make, as to whether an application is technically feasible, and the knowledge of our people, I hope, has been useful to the Department of Transport. However, actually, the man dealing with this -- it has been the same man now for a number of years -- is head of our transmission and development department, and he comes up to Ottawa for that purpose five times a year, and I don't see him for more than one day. I see him around, but I don't see him myself, and it takes very little extra time.

THE CHAIRMAN: We are looking for economies, even little ones, but this apparently is an area where there cannot be much more economy exercised -- there is no special staff assigned to this joint technical committee?

MR. OULMET: No.

THE CHAIRMAN: The other question, though, is whether or not it is in any way undesirable for the CBC to get itself mixed up in these technical matters which are the responsibility of the Department of Transport?





MR. DUNTON: I think the extent to which the CBC gets mixed up has been over-emphasized. In effect, Transport decides, and again that is emphasized. The technical things are under the control and decision of the Department of Transport. Any questions or comments raised by our people are just that -- just questions or comments.

THE CHAIRMAN: Well, if it was over-emphasized, you are responsible for it because you make quite a point of it in Exhibit 6, page 2, which is where I got it.

MR. COYNE: Take the specific case you mentioned a moment ago: you said that usually these applications come to you from the Department of Transport simply with a note "Technically possible", which I presume in those cases dispose of technical matters, but suppose there is some possibility of heterodyne interference. I gather that the Department of Transport does not say on the application "We feel there is a possibility of heterodyne interference, but we are satisfied we can license this fellow anyway"? In point of fact, he comes to the Board, and the Board questions the applicant on these technical matters, and the Board may well turn down that application not on a broadcasting question at all -- it may be very desirable if it was technically possible that this station should exist there in terms of service -- but purely because of particular technical reasons?

MR. DUNTON: I think you are stretching it a long way.





MR. COYNE: Maybe I am.

MR. DUNTON: Transport will, in effect, say on the engineering things which can be precisely decided and defined. Heterodyne interference is not a question of anything under the treaty or the usual allocations. It is a judgment as to whether the enjoyability of some people's service will be affected to some extent. In other words, the form of judgment of public interest comes into it.

MR. COYNE: But it is a judgment on a purely technical matter?

MR. DUNTON: It arises from technical things. Some people may have poor radio sets, but the effect of it is a matter of judgment of public reaction.



THE CHAIRMAN: May I add this, do you, or have you turned down applications to the Board on technical grounds?

MR. DUNTON: Let me put it this way. I cannot remember. Because, as I say, in practically every case what they are asked to consider has been taken up with the Department of Transport.

THE CHAIRMAN: Mr. Coyne's question suggested you might get to a point from a broadcasting service point of view and then some technical difficulty would be raised and they probably would turn it down.

MR. DUNTON: It probably wouldn't ever get to that.

THE CHAIRMAN: It wouldn't get to that.

MR. DUNTON: What may happen in some cases, if there were some doubtful technicalities raised that were on the borderline the Board would probably turn it back to Transport. I do remember one or two cases. We recommended in those cases if they were able to meet certain conditions. It may be at a public hearing an opponent of the application may bring out some of those borderline technical things. Our Board does not usually try to decide on matters that are technical. They either say we are sending this back for further recommendation by the department, or subject to satisfaction of certain technical things. Here is one that is brought to my attention. One board recommended a station for approval but noted the





technical brief would have to be revised to meet requirements of the Department of Transport.

THE CHAIRMAN: So, you tend to throw the technical details over to the Department of Transport?

MR. DUNTON: Very much so.

THE CHAIRMAN: And you confine yourself to the question of its influence on the broadcasting system as a whole.

MR. deGRANDPRE: But before the application is turned down, when it is studied by the joint committee, would there be an invitation to the engineer of the applicant to discuss the matter?

MR. DUNTON: I think you are emphasizing the committee unduly. The committee has no power to turn an application down. It is the department.

MR. deGRANDPRE: Do you know if the department invited the consultant to state his case?

MR. DUNTON: I understand they do engage in a lot of correspondence with the engineers for applicants. You know that consultant engineers are a small body of people who are recognized. I have heard there is usually quite a lot of correspondence and discussion about the matter of an application. As I say, these matters are cleared before they get to our Board.

MR. deGRANDPRE: It is a fact that both sides of the story are put to the department before they get to the Board?

THE CHAIRMAN: Suppose you have a reference



from the Department of Transport that the technical things are looked after. Mr. X wants a new radio station. How do you proceed with the matter? The sort of questions I have in mind may be wrapped up all together in one answer. First of all, there is notice in the Canada Gazette of the reference.

MR. DUNTON: Yes.

THE CHAIRMAN: Then you announce, I take it, this will be considered at a certain meeting of the Board.

MR. DUNTON: Yes.

THE CHAIRMAN: Who has the right to appear at that public hearing?

MR. DUNTON: Anybody that wants to speak.

THE CHAIRMAN: Is there a separate statement that the Board gets from the operational staff of the CBC as to the application?

MR. DUNTON: As a rule not -- no. Generally there is nothing on the operational side of the CBC. What has happened in a few cases, there have been contentious cases, and the Board has wanted to know more about the local circumstances. Not about the applicant. Just what the town is like and what business goes on and an officer is sent out to do a report on that. That is usually when two parties are disagreeing about the commercial potentiality of a town.

THE CHAIRMAN: Do you mean to say the Board of Governors deals with the question of the



influence of this new application on public interest without any advice from the operational staff of the CBC?

MR. DUNTON: We think there may be some comments from the management but usually very slight. They are too busy with other things. I may get some advice or comments from officials that were familiar with private station applications. It is part of the experience of the Board.

THE CHAIRMAN: Going on with this hypothetical application before your Board, what are the rationalizations of the decision, what tests do you apply? Generally speaking, do you apply a test of thinking out loud, or do you apply a test, we would like to get as many more broadcasting stations in Canada as we can and this one can be fitted in, or do you say we have an adequate number of broadcasting stations in this particular area and if we put in a new one they will all go broke. What kind of thinking goes on in determining the national interest of broadcasting?

MR. DUNTON: A lot of things go on. We have tried to put them down on paper. I think you will find them on page one of Exhibit 6. One of the things the applicant is asked to indicate is the effect of a new station on general broadcasting service to the area. That covers a great deal of discussion before the Board. One new applicant may say, I am going to bring a lot of fine new





broadcasting to the area. Perhaps he is. But the existing operator may say if a third station comes in, I am going to have less money to do the public service I am and, therefore, with another station in the area the general level of broadcasting will be worse.

THE CHAIRMAN: Now, this first one. To what extent would the establishment of a station such as is proposed improve service to the listeners in its coverage area beyond that of the service now rendered by existing stations. What can the CBC Board of Governors know about service to the listeners in its coverage area and what existing stations should do if an application comes in from Dauphin, Manitoba.

MR. DUNTON: It has a good deal of information available to it as to what an existing station in the area is doing. That is the work of the Board.

THE CHAIRMAN: That is what I am asking. Is there information available to you from the operational staff of the CBC telling you about the situation that does exist?

MR. DUNTON: I thought you were referring to the operational -- from the point of view of the CBC operation. The Board does have available to it quite a lot of information about station relations and operations of private stations and knows quite a lot about what is going on in



existing stations. That information is available to it and it may be called for -- it is available if you ask for it.

THE CHAIRMAN: Go to E -- the ability of a community to support a new station in the area.

MR. DUNTON: It is usually put before us by opponents of new applications. The Board hopes for unbiased information. The picture is put before them by an applicant and by his opponent, and the information will be varied.

THE CHAIRMAN: Is there any general basic approach on the other point I raised with you, when you have an application is it the general notion you would like to get as many stations as you can in Canada or do you consider the economic feasibility of a new station in relation to the existing station?

MR. DUNTON: We do consider and have been asked in many cases to consider the economic feasibility but it is not the Board's business to save anybody from losing money or to help anybody else to make a profit. It is concerned about the general quality of the broadcasting service. The Board will not refuse to consider questions of profit and loss; it will listen to arguments and has listened to a great many about the effects on the broadcasting service. One man will argue we should worry about his profit and we should worry about the revenue that makes it possible for his continuing service to the community.





THE CHAIRMAN: What I am trying to find out is whether the approach to new licenses in an area -- whether there is any sort of concept of giving some kind of hidden protection to existing stations.

MR. DUNTON: We would say there is not and we tried to think about this very hard. We don't think we should try in any way to protect the profits of an existing station. The Board knows from experience in Canada, at least, if you do get too many stations in some cases it can lead to very bad broadcasting and that is the kind of consideration that is given in a certain number of cases. I don't think you have had in recent years instances that have led the Board to recommend against the creation of new stations, not because the Board thought somebody would lose something but because the general broadcasting influence on the network would be worse.

THE CHAIRMAN: It is not a matter of losing money but whether the quality would be affected.

MR. DUNTON: The Board in recent years, at least, usually accepted the reverse element who say, I am going to add some competition and liveliness that will improve the service. We try to estimate the situation in the particular case and in the majority of cases it has led to the recommendation of an additional station.



THE CHAIRMAN: Even if that might lead to difficulties and even to the disappearance of an existing station that is just a competitive situation that has to take place.

MR. DUNTON: That is a situation that has not happened yet.

COMMISSIONER STEWART: On the other hand, we have heard a great deal in the last months about the effect of competition on programmes and the leading towards betterment through competition. I take it you don't quite agree?

MR. DUNTON: I wish I could show you some of the hundreds of papers of transcripts from our public hearings where private enterprise say that competition is a good thing but in this particular case it would hurt my service so badly it would not be in the public interest.

THE CHAIRMAN: Let me ask you about that. When you have these hearings what kind of representation do you get? Obviously, you do get representation from the man who is applying for the license. He states his case. What other kind of people turn out to deal with the application.

MR. DUNTON: The applicant; very often broadcasters -- in person or in writing -- people are encouraged to put in evidence of support of different kinds --

THE CHAIRMAN: We have that on this



Commission too.

MR. DUNTON: -- for his application. Then the other representation comes from the broadcaster or broadcasters. That is usually the position of an application. Of course, there are applications that are not opposed and in that case the Board's questions are directed towards helping it make up its mind about the kind of man he is. Occasionally public bodies take a very active interest in an application for or against.





MR. DUNTON: It is not very often that an application is opposed by somebody who has no direct interest.

THE CHAIRMAN: In other words, you are in practice frequently forced into adjudicating between the conflicting arguments of the applicant and other existing private stations in the area?

MR. DUNTON: We think it is very important that no matter what those two say, that the final recommendation be based on -- in this case it is ours -- but on someone's judgment as to where the best public interest lies, and those reasons may not be put forward at all by a broadcaster, either a hopeful broadcaster or an existing one. They are often the most important.

THE CHAIRMAN: After you have had all the evidence at one of these hearings, does the Board, as a Board, or individually, consult in any way with the CBC officials? I assume you have had your public hearing and you retire into the back room and decide on what you are going to do; you stay there and go into executive session. Is that then a decision of the Board itself, or is there any opportunity for the CBC officials to -- apart from the Board -- influence the final decision?

MR. DUNTON: The Board goes into private session to consider its case; the management officials are there, under a by-law they are supposed to usually attend meetings of the Board; as a matter of practice it is very seldom they say anything about an application. They may bring up something from the CBC



operating point of view but it is very seldom and if so I think the point has usually been brought up in the public hearing. Especially with television there is the question of the national expenditure involved, and it is your duty to bring that up, but we would previously put that to the applicant.

THE CHAIRMAN: I am only putting this to you because it has been put to us that things could be said, I think Mr. Henderson or Mr. Estey said that things may be said before the final adjudication to which they have no opportunity of making answer.

MR. DUNTON: I have heard that, and under this situation, like the Clerk of the Sussex Justices, it is frequently possible that would happen. In that situation I would say this, that if such a situation would be brought about the Board of Governors would have no objection to someone else being in there to listen to what is said or to make any suggestions as long as that person is a person of confidence, and if he was, or even had the appearance of having an influence on the decision, to share the responsibility for it. To put it another way, there is nothing particularly objectionable at all about saying once the Board have had a hearing nobody in the CBC saw it until the decision was made.

THE CHAIRMAN: That is a precise point. This comes within that old statement that not only must a thing be just, it must have the appearance of being just. It is probably a minor point, but these things sometimes are important.





MR. DUNTON: Mr. Ouimet and Mr. Bushnell would be glad to have the extra time to consider these things.

THE CHAIRMAN: In other words, a semi-judicial decision that is arrived at should be arrived at with no one present with the exception of the Board?

MR. DUNTON: That is perfectly all right.

MR. COYNE: At the present time are the CBC officials present at the public hearings and are they asked questions by the Board and asked to make recommendations of any kind that they want to?

MR. DUNTON: They are present; they can always speak if they like. Occasionally they will if the sort of situation that I have mentioned comes up, say there is an important matter of expenditure for the national system, but usually not because the CBC has no interest from an operating point of view.

MR. COYNE: But they ~~are there~~ and are available for questioning by the Board and could make any statements?

MR. DUNTON: I think they sometimes skip out for a while.

THE CHAIRMAN: Now, having considered this, what kind of report do you make to the Minister?

MR. DUNTON: A report which has to be fairly brief but trying to indicate, summarize -- it is hard to say reasons, they summarize why the Board made this recommendation in one way or another, which is made public.

THE CHAIRMAN: Do you in the report to the Minister set forth any conflicting contentions



that may have been put forth?

MR. DUNTON: We may in some cases where there has been a fairly sharp conflict, but usually, as I have tried to explain, the considerations involved are ones of public interest, usually pretty hard to define. I am reminded of a phrase quoted to me by a colleague on the Board, Mr. Justice Holmes, "Intuition and experience that outruns analysis"; that kind of thing illustrates a recommendation of the Board a lot. An applicant may emphasize his application very strongly indeed, but the Board is trying to come to the conclusion as to whether it is generally or likely to be in the public interest that this man gets a licence or does not get a licence.

THE CHAIRMAN: The sort of thing I am thinking of is, is this Board ever placed in the unhappy position of having to hear applications for second television licences -- I do not know whether you will have or not at the moment, but we will be coming to that later -- but suppose you were, my guess is you would have half a dozen applications in Toronto. Well, this is guessing to some extent, but it is only an illustration: would you set forth the respective claims of the different applicants and say that for the guidance of the Minister and let him choose or give him your own preference, or would you say, "We think the application should go to Mr. X"?

MR. DUNTON: In the first place, the Minister has had the application before him before it



comes to us, and, as you know, the application is very full, the basic information is there. On the whole, what is said in a public hearing is argument or persuasion supporting the application, but if an application is properly made out all the basic information, the programme balance, his financial ideas, all that sort of thing, should be there. The Minister has had it. It has not been our practice to give reasons for recommendations, to summarize the cases put before us; it is largely in the application, although they may be pointed out in the public hearings. I suggest in Toronto we would try to summarize the case, and "case" is a strong word for it; it is more -- a lot of it is praise that comes in the applications. It would be natural for a man to do everything he possibly could to tell the Board he and his associates would do a fine job; it is hard to analyse in a semi-judicial kind of analysis, so if there is a fairly sharply contentious point in the application they try to indicate it, but we try to summarize all the claims, which are often of a very general nature, indeed.

THE CHAIRMAN: What I am really thinking of is, if we assume there would only be one second television station in Toronto, are you going to make the selection and pass that one on to the Minister or do you pass them all on to the Minister for him to decide between the various claims?

MR. DUNTON: So far it has been our understanding that we should try to recommend between applicants; we would be very happy to pass it over





if that is the continuous circle in respect to our Board to try to make some choice between applicants who are to give the service.

THE CHAIRMAN: I am not suggesting you would have to make a choice; if you have to think of the national interest you have to make the decision; my only point is, will the other people who have made application have the facts of their claims recorded?

MR. DUNTON: They are fully recorded in the application and they are supposed to have essentially everything they have to say in the application which the Minister will have, and which comes back to him.

THE CHAIRMAN: I think I misled you perhaps, because each one of the separate applicants would have all his engineering data and all his proposals go in to the Department of Transport first?

MR. DUNTON: Yes.

THE CHAIRMAN: Therefore, you will have to make a recommendation on each one of them. Now, it may well be you will say we are going to recommend A, and we are recommending against B, but if we do not license A we will give it to B.

MR. DUNTON: I have not thought of that. Of course, we have had two or three and we have recommended one, and it may be the Minister will not take the first one and will ask us to recommend one of the other two.

THE CHAIRMAN: Well, having gone to this report, whatever it is, does the CBC, the operating



official, anybody, have any contact with the application after that?

MR. DUNTON: No.

THE CHAIRMAN: Well now, you did touch a moment ago on a point that I raised the other day, as to whether in the procedures of the Board on licensing matters, there was any better way in which the views of private station operators could be reflected and watched, their interests watched in the hearings before the Board? They do have a chance before when you have a formal hearing, but is there any better way to get continuous and well-informed advice to the Board of Governors as to the interests, the different interests of private stations? We put to them the question of their having a member on the Board, and they are the first people who say that would not be appropriate, it would not do. Is there any possibility of their having a recognized, continuing assessor or official or adviser or something to speak on behalf of the private stations before the Board? I am thinking of the kind of assessor that you have in the continental European countries who represents a specific interest. Have you given any thought to this at all?

MR. DUNTON: The whole impression, as I think we have tried to show, the Board is very anxious and has been fairly successful in getting the views of the private stations as a whole. I know the Board discussed on a number of different occasions that they would be glad if there was some better way of having the views of private





broadcasters in general better represented with the Corporation. Just how could that be done, including matters of licensing? It has been often suggested that the views of the CBC management naturally is a very large interest and the Board will always be close to the management even if the management does not sit in when it is making decisions about licensing.



MR. DUNTON: I will put it this way, that if some arrangement could be worked out in which there was some representation of private broadcasting in general and there was a mutual atmosphere of confidence about that representation, and also that any chance of the opportunity for influence was matched by the acceptance of a corresponding degree of responsibility, I think that it could be a very helpful thing. I just don't know how it could be worked out, but it could be useful. We would be glad if there could be some way of more effective representation of the private broadcaster's views even in the continuing licensing recommendations.

THE CHAIRMAN: One last question on this licensing, from an operational point of view. Can there be any advantage in, if the CBC Board were to continue to deal with this licensing matter, having it handled by a sort of special sub-committee. The sort of thing that lies behind my question is, is it efficient and sensible to have eleven men and women sitting on these partially technical matters, at least, and taking up time to deal with this and perhaps not many members being really too expert on licensing functions. Is there any intermediate stage here, by way of a special sub-committee to do this job, or would it lose something in the process.

MR. DUNTON: I keep coming back



to what seems to us to be such an important point and that is the appreciation of public interest. You can hear a long argument from an applicant and from his opponent, perhaps, but finally it comes down to something almost, as I have said, approximating intuition in some cases, as to where the greater public interest is likely to lie. I know personally I would find it useful to have ten or eleven people, all exercising their powers, partly of intuition, as to an applicant and his whole application, because essentially, it usually is not a matter of judging one case as against another. Essentially it is trying to appreciate how the public will come out best, in what direction. I think it is useful to have quite a few people who have no interest or whose only position is representation, or trying to represent to the best of their ability the public interest. I think it would be a good thing to have quite a few of them doing this.

THE CHAIRMAN: Well, if the true function is to determine how the public will come out best, maybe it is not a proper subject for delegation to a smaller committee.

MR. DUNTON: That is what I was suggesting.

THE CHAIRMAN: Well then, just one





other point on licensing, and we have had a lot of evidence on this and would like your views. Mr. Coyne, I don't know if you have a question lined up on this matter of multiple ownership or whether you would like me to deal with it.

MR. COYNE: Well, I have it here, Mr. Chairman, but there are one or two other questions that I would like to put to Mr. Dunton arising out of this discussion.

THE CHAIRMAN: Oh, very well.

MR. COYNE: The first one is, in explaining how the hearings of these applications may proceed, you mentioned that there may be an applicant for a new station and the licensee of an existing station would likely be there to oppose the applicant. One thing you mentioned was that the sort of argument he might put up would be "well look at the magnificent community service I am doing now. If this new man comes in I won't be able to afford to render this community service."

In putting an argument of that kind, does he bring forward his balance sheet, his financial statements, his cost figures and so on, to show that he can't afford to do it?

MR. DUNTON: Well there you are touching on a very sore subject. Sometimes he does but quite often -- --



MR. COYNE: The argument wouldn't have much weight, unless he did, I presume?

MR. DUNTON: Quite so, yes -- quite often applicants -- not applicants but existing stations -- have offered on a voluntary basis and the board have accepted their financial statements, just to endeavour to prove this argument that you are supporting.

On the other hand, many don't offer and this is one recommendation of the board to the licensing authority that has not been accepted. Following a recommendation of the Parliamentary Committee, the board recommended to the licensing authority to get financial information, financial statements, and so on from private stations. That arrangement was in the regulations under the radio act, but the licensing authority determined that the Board of Governors was not to see those things and they never did see them. The board feels that it should be allowed to see them and it has asked several times to be allowed to see them. We feel that our confidence can be trusted and in any case it would be of no advantage to the CBC from an operating point of view to know what is in the financial statements. It would, however, help us a great deal, where





that sort of claim is made, if we did have financial statements of existing stations.

MR. COYNE: But in point of fact at the moment you don't have access to them unless they are voluntarily brought forward in support of a specific argument, is that correct?

MR. DUNTON: That is right. We always are amused to see who does produce them and who does not produce them, because like CAB we can make some estimates on how stations are doing, too.

MR. COYNE: One other question with respect to Exhibit 6 on page 1, where you list some of the things that the applicant is asked to speak about, C and B -- "his programming plans in detail" and B "plans for developing local community talent." I take it from that that in the course of making an application, the applicant makes some representation as to what his programming plans are in some detail and as to what his plans are for the development of local community talent.

MR. DUNTON: Well, he is asked to reply to these questions in fairly great detail in his application form which goes through the licensing authority.

MR. COYNE: Well then, my question is this, do you ever recommend to the licensing authority that the license be issued, conditional



on these regulations as to programming being lived up to?

MR. DUNTON: Not usually in detail. There have been some instances where some special, unusual plans have been presented and we then recommend that it be a condition, but usually we find in experience that you simply cannot in broadcasting define clearly enough what the service will be, to make it any sort of formal condition.

The best we can do, we find, is to get from the applicant his plans broken down generally into categories, kinds of programming, kinds of local service and that sort of thing, but as the discussion may come up later, we don't know of any way to put that in as a formal condition. Conditions change in broadcasting, as it happens, quite often. The applicant comes up with something, say for an increase in power, and we say "you don't seem to be doing quite what you said you were going to do in your original application". We, of course, get a flood of reasons then, about why it has become in the meantime impossible to do what he said.

MR. COYNE: So then whatever the formal representation may be, in point of fact you have to fall back on general regulations as far as controlling programme content?



MR. DUNTON: Yes. Because we certainly haven't been able to effectively find ways of defining adequate service.

THE CHAIRMAN: Well then just if I may ask you this question. If an applicant comes forward and gives his programme plans in detail and his plans to develop local community talent, and he gets his license, what follow-up is made by the CBC, to see whether or not he is living up to his proposals?

MR. DUNTON: There is a very general follow-up. As you know, under Section 22 we have certain responsibilities for certain functions in reviewing the private station's activities, and that does, in practice, go on.

For instance, in the mechanism we have, naturally the board of the corporation cannot be watching every station every day, but one way we have of keeping ourselves up to date is that we take one week in the year -- a good season, when there is not too much of an off season or too much of a peak advertising season. We advise the station about it afterwards not before, so that they won't know what is coming up.

Then we ask them for a pretty detailed break-down of their activities during that week.

THE CHAIRMAN: That is as to





programme performance for a week?

MR. DUNTON: Yes. We also have them make any comments as to why it is not a typical week or what other good activities they may have been carrying on in any other part of the year. We do this and, plus specific questioning on matters arising from the reports themselves, we do get some idea of what the stations are doing. These reports are reviewed in full detail by the board. It is not a perfect way of knowing exactly what is going on, but it is one mechanism for keeping in touch with what is going on in the stations.

THE CHAIRMAN: Then going on from there to Page 4 of Exhibit 6, at the end you state "the Board also recommends on the renewal or cancellation of licenses in the light of reports on performance and regulations observance of stations."

Now these licenses to private stations started out as a three-year term and now they are five years -- --

MR. DUNTON: It was one for a while.

THE CHAIRMAN: Yes it was one for a while and then it was three and then it was five.

We have had it put to us by one private station operator, I think in Edmonton,



Mr. Gates, when the suggestion was made that it would be better to have permanent licenses subject to cancellation for a bad performance or suspension, or any other methods that there are in getting it back, rather than have the constant renewal of licenses. Have you any ideas on that point?

MR. DUNTON: I think it gets into the matter of public policy again, even above the board, if Parliament decided for what purpose they are going to give this very special privilege to individuals in using public air channels. I think every country that I know of, has a limit on it, always. I think in the States they still have three years and I think it has always been thought that this is by no means an indefinite right. They are privileges for a certain time and in most countries they are renewed unless there is some special reason for not doing so, when the matter has come up. The policy to extend the privilege beyond five years, in my opinion, is going pretty far.

THE CHAIRMAN: Is much time taken up by the board on this renewal of licenses?

MR. DUNTON: No, in actual practice rather little. At the time





when they come up the Department knows about it and the Department reminds us of this, but at that time the Board will make a more general review of the station's activities and if there is something very seriously wrong we draw it to the attention of the station, say an accumulation of small things even, we draw this all to the station's attention and ask for a further explanation, and in some cases because of the accumulation of small things the Board does recommend that the license be renewed only temporarily until the situation has been fixed up. That has occurred.

THE CHAIRMAN: Would you say then, Mr. Dunton, as between licenses that have to come up periodically for renewal and those which are in perpetuity and only subject to cancellation or suspension, that there is probably more chance of continuing supervision of performance in the first rather than in the second?

MR. DUNTON: I think that licenses that come up periodically, don't mean just in the case of the CBC, but whatever public body is charged with the same responsibility in this domain it is surely not just whether the station has formally kept the regulations but its general performance in the public interest on that channel. That may change a great



deal in three or five years, and I think that it has been found in the U. S. that it is good and advisable to check on the performance in the interest of the public and to find out what is going on. I think that is a very healthy thing, too.

THE CHAIRMAN: What you are saying then is that this periodic license system is a built-in provision for reviewing and examination?

MR. DUNTON: Yes.

MR. COYNE: There is no provision for public hearings on the question of renewals at the present time, is there?

MR. DUNTON: No, there is not. I think, however, there has been no very serious cases. However, if the board were going to review what they knew of a serious matter where they pretty definitely were not going to recommend a renewal, I believe they would certainly provide for public hearings.

MR. COYNE: And then the licensee could come up and show cause as to why it should not be reviewed.

MR. DUNTON: Yes. In public, to give him a chance to put the facts against him right.

MR. COYNE: Is the hearing provided for under sub-section 6 of Section 21



the public hearing?

THE CHAIRMAN: This is the one on suspension?

MR. COYNE: Yes.

MR. DUNTON: I don't think it is necessarily --

MR. COYNE: Well, it is provided for in the statute --

MR. DUNTON: I don't think it is locally, but we will certainly provide for a hearing.

MR. COYNE: The statute just provides for a hearing. Is that correct?

MR. DUNTON: Yes, we would certainly hold it in public.

MR. COYNE: Well then, Mr. Chairman, going on to this other question, Mr. Dunton we have received representations from time to time on the question of general ownership of private radio stations and related questions. I think there are really three aspects of the matter that have been drawn to our attention. In the first place, there is the matter of general ownership of the class of a single individual owning more than one broadcasting station, and secondly, there is the question of a tie-up between the newspapers and the broadcasting stations through ownership of facilities in those fields, and thirdly, there is the question of the degree of foreign ownership of private stations that should be





permitted. Now specifically people have made representations to us that in the case of a newspaper owning a broadcasting station, not only should that be prevented in the future but there should be an express prohibition in the statutes which would even require the breaking up of existing relationship.

MR. DUNTON: Yes.



MR. COYNE: Having said all that, what I would really like to ask you to enlarge upon is, firstly, whether there are any rules or publicly proclaimed policies affecting this question in each of these three fields; and, secondly, does the Board of Governors have any views, as apart from strict rules and policies, on these subjects?

MR. DUNTON: To take your first heading first, the matter of chain ownership: I think there is a policy on that that arises from a good deal of study in the recommendations of the 1942 Parliamentary committee, and the result is embodied in Regulation 32, subsection 3(d) of the Radio Act, which we take it is still an expression of public policy on this matter. You will notice it is not completely banned, because there can be chain ownership or extension of chain ownership approved by the Minister on the recommendation of the Board, but in general the Board has followed that expression of authority and not recommended extensions in chain ownership as a rule, except under special circumstances; but, in our opinion, we think it is a wise public policy.

MR. COYNE: There have been exceptions?

MR. DUNTON: Yes. In the first place, by the time this rule was put in, already there had been considerable development of what we call multiple ownership of stations, and no effort was made to force these owners to divest themselves of





those stations. In radio there has been comparatively little development since; I think it is straight multiple ownership. In television the same way; as far as recommendations go, it has been a deciding factor in some recommendations. The Board has made recommendations which had the effect of checking or not allowing multiple ownership to extend.

MR. COYNE: What would be the circumstances in which the Board has felt that an exception is justified?

MR. DUNTON: One case comes to my mind where last year, or two years ago there was a small station in Northern Ontario which was in very bad shape and likely to go under. Another owner of a station who only controlled one station and didn't have other multiple ownership, said he would go in and take it over; he thought he could try to salvage it. It was plain nobody else in the community was interested in doing the salvage job, and we recommended it.

MR. COYNE: In your view, is some sort of arrangement where there is some flexibility or discretion vested in the Board, better, as a matter of policy, than having some outright prohibition against it written into the statute?

MR. DUNTON: In our experience it is usually better to have flexibility, because so many different circumstances arise. The principle is established, but it can, under special circumstances, provide for exceptions -- as long



as the principle is clear.

THE CHAIRMAN: It has also been put to us on this first point of multiple ownership that there are some positive advantages in multiple ownership. We have had many representations on the other side, but if the objective is to get the best possible broadcasting system, the argument put is that, first of all, you get an applicant with some experience in a very difficult and technical and commanding game; you also tend to get a trained staff with some experience that can be drawn upon for the invention; presumably you get a chance to attract better men into the larger operation because they have more opportunities. I don't think anyone would go so far as to suggest that a very large extension of multiple ownership would be a desirable thing, but some of it in the overall mix of broadcasting in Canada has this kind of value. Have you any views on that?

MR. DUNTON: Yes. I think our view would be this, that you have in Canada, as has been put to you very forcibly by other spokesmen, a limited number of effectively usable channels available. We believe in enterprise and believe in having a chance for enterprise, and we think on the whole you should try to provide opportunities for different people to get into broadcasting, and not limited or restrict it in any way by doing things in the direction of increasing the interest of one, two or three or a handful of groups in





broadcasting, as against providing opportunities for different individuals and organizations to come into this very limited medium. As you know, there are some pretty big broadcasting organizations in the country, started some years before this policy applied, and they are undoubtedly efficient and effective and have done well. It is also true a number of new people have come into the business in recent years, some of them winning an application against some of the older and bigger outlets, who have done very well. To some extent we go along with Mr. Finlayson on this -- the more minds the better, within the limits of the possibilities in Canada. There is also the matter of information reaching people. There are not many restrictions on the information you put out, and it is a matter of pretty serious consideration from a point of view of public policy as to how much you want to concentrate in very special private hands an enormous amount of regulatory authority over what opinion and information goes on the air channels of Canada.

THE CHAIRMAN: So that it probably is true that in the present policy there is likely to be some opposition to extensions of any existing chains of radio or television stations -- that is the present policy, isn't it?

MR. DUNTON: Yes, and it has been pretty firmly applied, say, in television; several





television applications which would have been lost as against another because they were an extension of ownership and another group were applying. That was the main deciding thing.

MR. COYNE: Was that deciding factor made public in your reasons?

MR. DUNTON: Oh, yes.

MR. COYNE: That deals with the chain aspect of it, Mr. Chairman. The next move would be the tie-up with newspapers.

MR. DUNTON: Newspaper ownership: I think it is right that some very general concern was expressed at an early Parliamentary committee, and for some years the Board followed the policy in its recommendations which didn't go much further than looking more carefully at newspaper applications. There was no definite recommendation from the Parliamentary committee, and I don't think it resulted in any applications being lost, as I remember, as it happened, for that reason. The Board was just sort of doubly careful before making the recommendation; it was satisfied that it would be a pretty good application and was desirable. I think it probably happened that a case did not come up in which there was a fairly close contest between two applicants and one had a newspaper and another didn't. If that had happened, it is quite possible the Board may have tended



to go to the one who didn't have a newspaper. This matter came before the Parliamentary committee of 1947, I think, and was discussed a good deal, and the committee very definitely recommended a newspaper would be considered on exactly the same basis as any other applicants, and the Board in its thinking has followed that recommendation since.

THE CHAIRMAN: This really answers a question I have -- "Has a publisher of a newspaper a better or worse chance of getting a license?"

MR. DUNTON: At the present time, under the recommendation of the committee -- and the Board follows that -- just the same as anybody else.

THE CHAIRMAN: It has neither a better nor worse chance. It is dealt with on its merits, apart from whether he is a publisher or not?

MR. DUNTON: Yes.

MR. COYNE: Or I suppose if he already has one station his application for another station would be affected by the considerations in connection with chain ownership?

MR. DUNTON: Yes.

COMMISSIONER STEWART: If a newspaper had a radio station and then came asking for a television station, what would the attitude be there?

MR. DUNTON: The consideration would be that they have a radio station, and the Board refused





to go along with the private broadcasters -- the CARTB -- who at one stage urged that in our recommendations we automatically give priority, or favour people who are operating radio stations. We said, that is a wrong principle and that it should be open to newcomers. In many cases broadcasters have applied first. In other words, any applicant -- as far as we are concerned, we try to consider any application for television on its merits, and one of the merits could be that the man who is operating a radio station has a good deal of experience in the organization there.

THE CHAIRMAN: Leaving out the question of publisher interest, and the same question applied to a radio station operator, if he applies, his application will have neither a better nor worse chance because he is a radio station operator?

MR. DUNTON: Not because he is that. It may help in some of the things he can put forward as to whether he can do a good job.

MR. COYNE: As a matter of definition, in considering chain ownership, do you draw a distinction between the ownership of a number of radio stations or a number of television stations -- between that situation, and the ownership of one radio station and one television station?

MR. DUNTON: No, we have in our thinking considered the two media separately. We took the



situation in radio, and as far as our thinking is concerned we started off with clear thinking in television and we have tried to watch and check the development of multiple ownership or the intricate weaving of ownership which would amount to large control or even too much minority interest.

THE CHAIRMAN: But you don't regard a radio station and a television station as a chain?

MR. DUNTON: No.

MR. COYNE: So your general policy that you have referred to against chain ownership would not be a factor where the owner of one radio station applies for a license to operate a television station?

MR. DUNTON: No, it would not. There is a wider thing that does not come into us, and that is the matter of general formation of opinion in the country; the general amount of concentration of interest there is among radio stations, television stations and newspapers. It is beyond our field, but it is not beyond the field of wider public opinion.

MR. COYNE: That is something you are not bound to consider at the moment, but it may well be a matter that should be considered somewhere?

MR. DUNTON: It does not come into our considerations under the policies as we understand



them of individual licenses and things. If anyone wanted to study how public opinion is formed in the country, it may be an interesting study for them.

MR. COYNE: The third aspect of this three-pronged question is the matter of foreign ownership.

MR. DUNTON: Curiously enough, this had not arisen, particularly. It did arise rather sharply last year when there was an application for, first, control of a television station in Windsor. It came up in the transfer of that control to interests who already had half interests in two other television stations in Canada, and that was turned down. Then a move was made to transfer the shares to an American company or a subsidiary of an American company, and that was not successful, but the Board agreed, and could find nothing in any law or policy or anything else, to recommend against a minority share -- about one-third I think it was -- being transferred to interests which were, in effect, American, a Canadian company which was a subsidiary of an American company, but at the same time we added in our recommendation to the licensing authority that a provision be laid down that in effective terms no more than 20 per cent of the ownership of a licensed Canadian station be held directly or indirectly by non-Canadian interests.





THE CHAIRMAN: This is a matter of statutory provision in the United States.

MR. DUNTON: Yes, there is very definite limitation of not more than 20 per cent by non-American.



THE CHAIRMAN: We have no statutory provision at the present time.

MR. DUNTON: That is right.

MR. COYNE: I suppose no statutory provision is completely necessary in that the Board can, very shortly, formulate its own policies on the basis of which it will say whether or not they will make the recommendation?

MR. DUNTON: It could, but we thought it was the sort of thing that should be considered by the licensing authority of the Government. It moves a bit out of our sphere in the interest of public broadcasting.

MR. COYNE: You would look for direction in that sort of thing?

MR. DUNTON: A policy decision of a higher level.

MR. COYNE: Incidentally, in connection with all these matters you not only have the duty of recommending on licence applications, but you also have some control of the transferring of share interests of private broadcasters?

MR. DUNTON: Yes.

MR. COYNE: I suppose the same practice and policies with respect to chain ownership would be taken into consideration when dealing with applications for transfers of shares?

MR. DUNTON: They are quite similar. The Board has to do some pretty careful arithmetic to see just what is involved in the transfer of shares that comes before it. We try not to allow





the building up of interest, minority or otherwise,  
that would result in control.

THE CHAIRMAN: I think that would be a good  
place to adjourn.

---The Commissioner adjourned at 12.30 p.m.

- - - - -



---The Commission resumed at 2.30 p.m.

THE CHAIRMAN: Mr. Coyne, have you completed the questions on the licensing?

MR. COYNE: Yes, I have, Mr. Chairman. I was going next to ask Mr. Dunton one or two questions along somewhat similar lines with respect to the matter of general regulations, which is the third sort of provision we have been speaking of. Dealing with the matter of making regulations of general application, could you tell us roughly how much time the Board spends in dealing with the matters in this field, and how often are they called upon, or do they choose, to deal with the matter of general regulations, thinking particularly in terms of the enactment of regulations and the amendment from time to time, and that sort of thing?

MR. DUNTON: We will review the history of this in the last few years. Following the Massey Commission Report, the Board in 1952, particularly, did quite a lot of work on a proposed revision of the whole regulations. It went over them all, and then published a draft for public consideration, for the consideration of private stations, and anyone else, and then held public hearings on it. At that time it did quite a lot of work. Since then, I can't say off hand, but I think there have been five or six occasions -- something like that --



when proposals for amendments have been made, usually from private stations. In that case, we follow the procedure of the publication, giving the sense of the amendment requested, and have a public hearing. It is hard to give a percentage. From time to time something comes up and we have a hearing and there is a decision made. Speaking from memory, I don't think we have made many changes starting from our own initiative since 1952. They mostly come from some other parties -- either private stations or other parties. For instance, the regulation the CARTB referred to about taking material off the air and reusing it not in the same form, but in a slightly different form; that was started and initiated by others.

MR. COYNE: Do I take it from what you say that this is a field which occupies the Board only intermittently?

MR. DUNTON: Only intermittently. For example, it takes up less time than the work on licensing. The work on licensing can vary a great deal too. It has been very heavy in recent years because of the television applications as well as the continuing radio applications. The work on regulations is in revising them or considering revision of them, and some of them have been turned down. It is not very heavy.

MR. COYNE: Speaking of the procedure you have been following in connection with the





making or amending of these regulations, I gather in the case of the 1952 revisions you prepared a draft for consideration, and then held a public hearing to receive representations in relation to that draft?

MR. DUNTON: That is right. It was thought the only way to get some pretty sensible discussion was to have proposals which people can consider.

MR. COYNE: Subsequently, when private stations have made applications suggesting changes in certain regulations, again you have had public hearings?

MR. DUNTON: Always, yes.

MR. COYNE: In your view has that established a general pattern of procedure with regard to the promulgation or amendment of regulations that you are likely to follow throughout?

MR. DUNTON: It has. It follows the same pattern we have followed for some years. If you look at section 21, subsection 8, you will see we are, in effect, held at least to give private stations reasonable opportunity to be heard. That for some years has been a legal obligation on us.

MR. COYNE: That is a provision of general application which I take it will also apply not only to changes made as a result of the initiative of some private stations, but also changes made by the Board on its own motion?



MR. DUNTON: Yes, and also we think it is our policy not only for private stations to be heard, but for members of the public to be heard, and we are anxious to hear from them. We have been disappointed from time to time at the apparent lack of interest in regulations.

MR. COYNE: So the procedure you followed in 1952 when you were making a general revision of the regulations would apply -- that is, the public hearing aspect of the procedure -- would apply to even minor matters of specific amendments?

MR. DUNTON: Yes.

MR. COYNE: ... which the Board desires to introduce on its own initiative?

MR. DUNTON: Oh, yes.

MR. COYNE: One other question: I understand that the existing regulations which we all have been talking about are regulations for sound broadcasting stations: why are there not regulations for television stations?

MR. DUNTON: It has been a matter of timing. When we started off in television we first wished to have a chance of having some views from private television stations about the regulations. A certain amount of work in draft form was done on them, and I think it is right to say that there is at least a tacit gentlemen's agreement that the spirit of the regulations for sound broadcasting will be followed in television. We were going to move to public hearings when it





was announced that this Commission would be set up, so we thought we would wait and save the work of the Board in that respect.

THE CHAIRMAN: It has been busy with other things?

MR. DUNTON: Yes.

COMMISSIONER STEWART: Don't you think those regulations also cover television?

MR. DUNTON: Yes, it is accepted by the private stations, except that they would need some changes in wording and some modifications to fit the medium of television, but our idea is, and I think it is only right, that the spirit and intent of the regulations should be the same for the two forms of broadcasting, but you need somewhat different wording and further explanations in television. You had an instance raised in Montreal where someone suggested the regulations be different on beer and wine sponsorship messages in radio and television. We have tried to see that the spirit of the radio regulations is carried over into television.

MR. COYNE: It is not your view that from a strictly legal point of view these regulations are applicable to television stations?

COMMISSIONER STEWART: Yes, that is it.

MR. DUNTON: No, because I think from a legal point of view these regulations are only for sound. They are used to cover all, and the question was raised by private stations, and we



have agreed -- in 1952, I think -- that they only apply to sound broadcasting stations.

COMMISSIONER STEWART: In your Broadcasting Act, "broadcasting" means, "The dissemination of any form of radio electric communication, including radiotelegraph, radiotelephone, the wireless transmission of writing, signs, signals, pictures and sounds..."

MR. DUNTON: Very much so, but we said specifically in 1952, "These apply only to sound broadcasting stations".

COMMISSIONER STEWART: Yes, but you have got sound in television.

MR. DUNTON: Well, you have got us.

COMMISSIONER STEWART: On a strict application I think it would cover both.

MR. DUNTON: Well, it was certainly understood that these regulations would apply to broadcasting stations which are broadcasting sound only, and would not apply legally to stations broadcasting pictures.

THE CHAIRMAN: But in general practice, as you have said, much closer working arrangements with the private television stations has reached the position where you have virtually adopted similar rules?

MR. DUNTON: In practice. I think the stations would agree they understand they should be following in the spirit the same regulations,



and they are doing so. The situation should be formally cleared up soon.

MR. COYNE: I suppose there is, in fact, a strictly legal distinction in that there is a certain sanction provided in the Act for a breach of regulations by private stations under subsection 6, which no doubt could be imposed in the case of a station breaching the sound broadcasting regulations?

MR. DUNTON: That is right.

MR. COYNE: Presumably that sanction would not be available to you in the present stage of informal relationships respecting television?

MR. DUNTON: That is right.

MR. deGRANDPRE: Would you make any distinction between the general regulations and the regulations regarding political and controversial broadcasting, because there you have the word "broadcasting" used in general terms, while you don't refer to "sound broadcasting", while on the other hand when you are dealing with general regulations the words "sound broadcasting" have been included?

MR. DUNTON: The intention was that this batch of regulations you have in front of you would, legally, only apply to stations broadcasting sound, and there were no verbal amendments on anything that would apply to stations broadcasting vision only. It should be cleared up. If we still have any duties in this thing after the Commission has sat, we intend to go right ahead





and do them, perhaps making some of the regulations in the light of the recommendations of the Commission.

MR. COYNE: I suppose strictly speaking your so-called white paper on political and controversial broadcasting does not constitute regulations at all?

MR. DUNTON: It doesn't quite, legally.

MR. COYNE: It is policy?

MR. DUNTON: It is policy, but on the other hand it has been a pretty important statement of policy. It has no legal effect. I think the stations, too, have taken it as a pretty firm series of declarations by the Corporation which it would endeavour to apply.



THE CHAIRMAN: Before you leave the question of general regulations, do these general regulations apply to CBC stations?

MR. DUNTON: Yes.

THE CHAIRMAN: And any television regulations that might come into existence should similarly apply to the CBC TV stations.

MR. DUNTON: Yes.

THE CHAIRMAN: Then one other question on the general subject of regulations. It seems, from my reading of the sound broadcasting regulations, that they are stated to be and are generally of a minimum nature of performance, applicable to all stations.

Now the question is, is it reasonable to expect the same standards of performance from, let us say, a small rural station as you would expect from a prosperous station in the Montreal area and, if the regulations are only of this minimum character, are you not necessarily establishing your regulations at a very low common denominator of general regulations?

MR. DUNTON: We agree, that strictly speaking in terms of positive performance, for good broadcasting and what a station can accomplish, there is a great difference of circumstances between stations. For instance, the station in the small areas and a station in the larger area





differ widely. In general, these regulations, as they now stand, we do not feel are related much to getting good performance. They are more designed to the limits on the possible abuses and possible over-use of advertising and some objectionable forms of broadcasting.

When you get into the area of considering regulations that will somewhat promote good broadcasting, that is to say when you are considering this question you have raised, we have always found it very difficult to do by regulation. For example, there was a regulation which we thought of in 1952 relating to the use of Canadian programming of any kind. Then, after a lot of work and various forms of draft, we were thinking of a regulation that would apply differently to stations of different sizes. The more we thought about it, the more we thought it had to be even more flexible and, as well as providing for different sizes of stations, and stations in different sizes of towns, there should be a flexibility to allow the corporation sometimes, arbitrarily to reduce the minimum, because some stations simply didn't get chances that others did to do live broadcasting of any kind. That is an example of how difficult it is to promote anything positive in forms of regulations for general



application. I think you will find here that most of the things I say are more designed to be mere checks on possible abuses and they would apply to both small and large stations.

THE CHAIRMAN: Well, is there any procedure at all for directive to particular stations or classes of stations or a size of station concerning their performance.

MR. DUNTON: There is not, I don't think legally, now. I presume we do have the legal power under section 21, C, D or E or F, I imagine. There would be broad clauses that we could pass regulations or pass a regulation giving a representative of the corporation the power to give a directive, pretty well. I imagine that could be done as a device.

The corporation has always taken the stand on this kind of general regulation, behind which there may be a real sanction, but it should be of the kind that could be of general application. As I say, I think we do have the legal power in effect, to give some directions, but we haven't tried to do it by regulation. However, by talking about it and discussing it, the corporation has been to some extent, a limited extent, useful. In this regard, we regard it as one of our functions, at



times, not so much to give directives, but  
 the power to some extent to put on a  
 little pressure on stations or, perhaps  
 you might say to give a little encourage-  
 ment to them, to do more live work. I  
 don't know that it has been terribly  
 effective, but simply by talking about  
 it or discussing live talents, it has  
 been healthy. I think as one of the  
 private station witnesses said to you  
 in Montreal "you know the CBC has always  
 had the hidden powers, even though they  
 don't use them, and they have been  
 effective in discussing things at times,  
 even though they didn't write something  
 down in a formal regulation". So I  
 wouldn't say there has been absolutely  
 no influence apart from the writing of  
 regulations, but, of course, that sort  
 of thing is not very effective or very  
 strong.

THE CHAIRMAN: The sort of thing  
 that is in my mind is, that with really no  
 concern for the position of the CBC or the  
 position of the private stations concerned  
 in the matter, we do have to think, and a  
 lot of other people have to think also, is  
 that the best possible broadcasting system  
 that can be established for the people of  
 Canada." Now if you have got a group of  
 stations with some obviously margin<sup>al</sup> or small  
 rural stations, and then you look at some of





✓ the big stations in areas where there is plenty of advertising revenue and plenty of talent and a lot of opportunities for new and regional developments; what happens in the case where a private station just doesn't do it? Where they don't take advantage of these opportunities?

We have had some evidence of this since we have been travelling around the country, for instance, cases of private stations who mainly are engaged in playing records and interspersing them with spot advertising announcements. If you are after a better broadcasting system, should that sort of thing be continued, and is there a case for the use of particular directives to raise the form of standards in places where economics will justify it?

MR. DUNTON: I think there is a case for it in the public interest, but, and now I am not referring to the CBC or the private stations in particular, but although I think there is a case for it, and it is the only way that it can possibly be done, we don't think you can make any positive regulations in regard to performance that should apply to all stations in Canada. We have tried to do it in two or three categories but still you come out in an uneven sort of way, and it finally comes down to something



I have been talking a lot about, this question of judgment in the public interest relating to particular situations and particular circumstances of a group of stations. That is when you will finally get the possibility of something happening, but I think it is very much a question of somebody's appreciation of the public interest in the light of all the circumstances.

THE CHAIRMAN: Well, of course, we do recognize it would have to be someone's appreciation of the public interest in the light of all the circumstances, but it need not necessarily be an appreciation of the public interest adapted to every single radio station in Canada. It could be an appreciation of the public interest of a particular station in a particular place, could it not?

MR. DUNTON: That is what I am saying. I think that it could be judged much better related to a particular station or group of stations and the circumstances under which they are operating, which will vary greatly in different parts of Canada.

THE CHAIRMAN: But at the moment, unless you can read it into the phrasing of Section 21, the CBC has no power to issue particular directives, has it?





MR. DUNTON: No.

MR. COYNE: When you point out the difficulties or the impossibility of getting good programming through regulations, that is something positive out of the negative device, you might say, does it go any further than to say that there is some limit, perhaps a very narrow limit, to the effect which regulation will have in the direction of good programming? In other words, there must be some place for regulation in this field. You can't guarantee good programming over-night by making regulations, but could they not have some influence?

MR. DUNTON: I think it could. We have tried -- in these regulations as they stand -- to promote public interest to some extent in Canada in a negative way, by stopping some things.

THE CHAIRMAN: Oh I think the question though is, while you might not be able to accomplish good broadcasting systems solely through regulations, you could have some positive types of regulations which would improve the general performance, could you not?

MR. DUNTON: I think it is possible but I am doubtful as to how far you could go. You might, for instance, consider the broad concept that we were thinking of in 1952, that



<sup>Here</sup>  
 there must be some proportion or a certain minimum amount simply of broadcasting produced in Canada. Now, that is not a guarantee that it is good.

MR. COYNE: Oh no.

MR. DUNTON: But at least it is some assurance that whatever kind it is, it will be produced in this country, locally, commercially and in some way.

MR. COYNE: I think you also said you considered categorizing programmes, and I take it from that, that you would have in mind, a certain proportion of the programme consisting of a certain type of programme.

MR. DUNTON: I think, then, Mr. Coyne, I was really thinking of this reporting on our own work -- on our own network stations. We didn't get so far as trying to categorize for the purpose of regulations. I think that would be extremely difficult.

MR. COMMISSIONER STEWART: Well you do have difficulty, do you not, in categorizing your own programmes?

MR. DUNTON: We do have difficulty in finding out what is going on, let alone to do it with respect to regulations.

THE CHAIRMAN: I am just thinking of this, and I don't know whether this is a good illustration or not, but supposing there is a private radio station taking one of these public franchises and they didn't carry a



single item of news. You certainly could make a positive regulation that there ought to be a news service on that private station, could you not?

MR. DUNTON: Yes.

THE CHAIRMAN: But if you regard in broadcasting, that one of the very high purposes in broadcasting programmes has something to do with you, you could deal with that kind of situation by positive regulation, could you not?

MR. DUNTON: I would say to some extent, although, right away, the question will come up, "what constitutes a useful news broadcast." You can say news broadcasts which are put on for thirty-two minutes of reporting have a probable influence. But you can't define this, I think, in terms of regulations.

THE CHAIRMAN: Well it may not be good news reporting, but at least you would get something.

MR. DUNTON: Yes, I think you would get something, however, I suggest you might like to look at the Australian broadcasting legislation. This gives the Australian control board pretty wide powers to give directives and to bring about a rearrangement of programmes and types of programmes. However, I think you will also find that they haven't used these





powers very much.

THE CHAIRMAN: Well, one of the charges against you is that you haven't used your powers enough. That is a complaint we have received, and that, in the hearings that you have had, you have been too timid.

MR. DUNTON: In other words, we have understood the intent of the powers under Section 21, or we thought the intent was that regulations should apply that would be the kind to apply to all stations, the CBC and the private stations and to different types of private stations.

- - - - -



THE CHAIRMAN: That is all I have on that particular phase of it. I take it you are going on now to the question of enforcement of regulations, are you, Mr. Coyne?

MR. COYNE: Yes, I was, Mr. Chairman, but just taking up that last matter for a moment, you said in answer to the Chairman that you might put a regulation such as was referred to, that a station shall carry a newscast or so many minutes of newscasting in its programming. Using that purely as an illustration, the programme might nonetheless be very bad, but, on the other hand, is there not this safeguard, if the programme is very bad in all respects nobody is going to listen to it, and no matter what limits or directives are imposed on a private station in the nature of its programming, within its limits it is not going to attract a big audience?

MR. DUNTON: I think so, but to use another illustration the Chairman used, supposing a station only put on recordings with interspersed announcements, that may be a thing to look into, but that station might get a very big audience.

MR. COYNE: But if they were directed to put on some other kind of programme there would at least be some incentive to put on, within the limits of that categorization of programme, to put on something which will attract an audience?

MR. DUNTON: Certainly the degree of the need to please at least some of the people some of the time naturally is very much a factor involved in broadcasting stations.





MR. COYNE: In particular a commercial broadcasting station?

MR. DUNTON: Yes.

MR. COYNE: Well then, going on to the question of enforcement and starting out with quite a general question, I wonder if you could describe for us briefly the machinery that the Corporation has for observance of performance and enforcement of regulations, and we might deal with it, first of all, with respect to private stations, and, secondly, with regard to CBC's own stations.

MR. DUNTON: The machinery consists chiefly of a division of the Corporation known as the station relations and regulations division. Now, this division has different functions, and they derive from really the different sections or different parts of Section 21 of the Act. On the one hand it is carrying out relations with private stations with regard to the carrying of national service programmes by the stations. In that function you may say it is regulating up to a point, sometimes it has to step in and regulate. In other words, they will carry on some of their negotiations, discussions, with stations about carrying out programmes. There may be times when it will have to use authority, regulating authority, and say that such a programme must be carried, so in that function it is ---

MR. COYNE: That is really dealing with the distribution regulation?

MR. DUNTON: The distribution of authority;



the same provision also deals with the observance of what we have been referring to as the general regulation of programmes and advertising. In other words, the rest of the regulations, apart from 11 and 14, which are the distribution sections, the ones dealing with the accounts and amounts of advertising and all programmes. The same division is charged with seeing that these are enforced or observed. The work of the two, well, there are some officials in the Department who are more with one aspect than another. The work is also combined in, for instance, when some of the people in the Department go over the logs of the station they are watching for two different things. One, they are making compilations of CBC network programmes carried by the station, and they are also watching for examples, for instances of violation of the general programming and advertising regulations. It is a combined work; there are different aspects of the work and to some extent the reporting of the division is a little bit distinct. In broadcasting work of a division dealing with enforcement of the general regulations, regulations under 21(c) and (d), the report is directly to the Board, that is, in practice -- to the Board meetings, to myself as chairman. As Mr. Young said, the CBC as an operator, does not go into that matter; they work with authority under 21(a) and (b). In other words the distribution authority is mixed up with the whole management of the Corporation. In fact, quite a lot of work not done by that



division may be done by some programme people or the commercial division, and that kind of authority comes up through the management, and both, of course, should reach the Board. But, say there is a question of a station not observing any of the general programme regulations of regulation 7, that question comes right from Mr. Young, the head of that division, to a Board meeting, myself, or at a Board meeting directly to the Board.

MR. COYNE: Well, just looking at it in a little more detail and assuming regulation 7 restricting the advertising content as an example, supposing a private station has broken some aspect of regulation 7; in the first place, how does that come to your attention? When I say "you" I mean the attention of the CBC.

MR. DUNTON: It may come in different ways. The enforcement agency -- it quite often comes by way of complaints from someone else, from another private station or a member of the public, or it will come from the checking work, from the division checking on the station logs, which will indicate a good many of these things, numbers of spots and so on.

MR. COYNE: Are those station logs checked thoroughly and regularly?

MR. DUNTON: Yes, pretty regularly and pretty thoroughly, but the logs do not reveal all the pertinent information, and besides, it is better to double check at times so a certain amount of occasional work in air checking is done right





off the air.

MR. COYNE: That is by monitoring the broadcasts of the station?

MR. DUNTON: Monitoring, or the modern way is that you run a tape for some time and listen to the tape back at headquarters.

MR. COYNE: Well then, supposing this breach has come to your attention in one or other of these ways, what happens to it, still speaking in terms of Regulation 7 as being a general regulation and not like the distribution matters?

MR. DUNTON: I think the CBC has not in general wanted the Act like a police force that could claim the greatest number of convictions, but supposing a violation of Regulation 7 comes to the attention of the division, the first thing is, you quite often have informal communications with that station, often by telephone call or informal letter to the head of the station, bringing it to their attention. Then, usually there are further checks under Regulation 7, the number of spots, further checks to see whether the station is observing it. If it is not observing it then a more formal communication goes out, and if a further check reveals it is still going on the station is then definitely informed if this does not stop it will have to come out to meet the Board of Governors. If it does not stop, if it looks as though it is anything serious the Board will ask that the station appear and have an audience to explain this to the Board.



MR. COYNE: Would that be a public or private hearing?

MR. DUNTON: It is not normally done unless it gets serious. In other words, before we take any action under Section 21(6) we would have an informal hearing and review the whole matter.

MR. COYNE: Have you ever had a formal hearing under Section 21(6) -- it is really two questions; first of all, have you ever suspended a licence under 21(6), but even short of suspension, have you ever had a public hearing in which the question of suspension was considered?

MR. DUNTON: There has not been a suspension and there has not been a public hearing. The amendment was made only three or four years ago and the occasion has not arisen for it since, but the Board would expect the procedure to follow would be a chance for an informal hearing with the station first.

MR. COYNE: Well, what about the question of the CBC stations breaching the regulations -- do they file logs, by the way?

MR. DUNTON: Yes, the logs are checked in the same way. The regulations division finds it out, makes a report to the CBC management and there have been quite a few instances of this. Then, it is up to the management of the CBC to see that if they are in the wrong it is quickly fixed up. If it is anything serious it will come to the attention of the Board directly, to myself, if it is not being carried out.





MR. COYNE: I suppose the distinction is, if there is one of these breaches there is some employee of the Corporation who must bear the responsibility?

MR. DUNTON: Yes, it is a question for management to find out who that employee is, and, after all, every employee is responsible to the General Manager, it is finally up to the General Manager, it is his obligation to see anything going on is checked up.

MR. COYNE: Well then, in connection with the station ---

THE CHAIRMAN: Before you go on there, Mr. Coyne, one question: this perhaps should have come up a little earlier but I am going really back to this basic distinction you are making between 21(a) and 21(b), on the one hand, and 21(c) to 21(f) or 21(g), on the other. You said (a) and (b) were those powers which were essential for the getting out of the programme on the network and getting out the national network service. This says the Corporation may make regulations to control the establishment and operation of networks in Canada and prescribe the periods to be reserved periodically by any private station for the broadcasting of programmes of the Corporation. Have you, in fact, got regulations that prescribe the periods to be reserved periodically?

MR. DUNTON: Not in very definite form, because we found it impossible to do so. That is why I so often use the words "authority and control".



We find we have to operate under 21(b), with a good deal of flexibility; it is difficult to the extent that air reserved time is established season by season on the Trans-Canada or Dominion networks. That will vary from season to season, and sometimes you may have a change during a year.

THE CHAIRMAN: What I am really getting at is, would not the whole thing be clearer if section 21 was split into two separate sections, with the Corporation having certain powers by regulation, directly or otherwise, to control the establishment and operation of chains or networks to prescribe the periods and then another section allowing it to make things which are really, properly called regulations?

MR. DUNTON: I think it would. In fact, there are two different kinds of exerciseable authority.

THE CHAIRMAN: And to some extent the use of the word "regulation" as applied to (a) and (b) is a little deviation from the normal meaning of the word "regulation"?

MR. DUNTON: It is; that is why I used the words "control" and "authority"; it is a direct kind.

MR. COYNE: Just pursuing that for a moment, you said that the reserved time on the different networks is set from year to year or periodically it varies from year to year. Does it vary from station to station?

MR. DUNTON: There may be; all of the



basic stations would be pretty much the same except there may be some considerations in different areas of Canada because of time zones or that sort of thing. It will be different for the supplementary "A" stations which are on Trans-Canada network, and which have a full service available to them. They have only such commercial service as sponsors choose to put on that station, the usual quid pro quo; it is only that reserve time must be lowered on other stations, who must get all the commercial programming available.

MR. COYNE: The Dominion supplementary "A" station in a radio network, they have available to them all sustaining programmes; is that correct?

MR. DUNTON: Yes.

MR. COYNE: They must take those sustaining programmes that turn up in reserve times?

MR. DUNTON: Yes, and that reserve time is less than for a basic station, and beyond the reserve time they have the option of whether or not they will carry sustaining programming, and the way it works out these stations carry a higher proportion if they want to than the basic station.

-

-

-





MR. COYNE: I would like Mr. Dunton's comment on the remarks made by Professor Lower when he was before us, complaining about the fact that he lived in a community where there were both Trans-Canada and Dominion network stations; I don't know whether they are basic or supplementary, I am not sure what their status was, and he couldn't get the programmes of the Couchiching conference through either station.

MR. DUNTON: I think he said there had been a violation of regulations in regard to that. There had not been. Even Professor Lower, when he is complaining about violation of regulations, should first check on that. The Couchiching conference becomes an unusual broadcast project which takes up the better part of a week, and there has to be a wide swathe of programmes taken out for it. There is a certain amount of reserve time, but the way it fell out, for practical purposes, when the broadcast had to be carried, some fell into the reserve time of Trans-Canada and some did not, and those portions that Kingston did not carry did not fall into reserve time.

MR. COYNE: In other words, they exercised their option during that time of the conference that fell outside of the reserve time not to carry it?

MR. DUNTON: That is right, and other stations voluntarily took the whole thing because it was a good programme.

THE CHAIRMAN: This is getting away from



the immediate subject of enforcement of regulations, but it does arise out of this very point. One of the things that troubled me in the evidence has been a feeling -- the CBC introducing this national programme service, whatever it is, and you can argue it for a long while, but it ought to be more or less true that once you have the national service in existence, and presumably this is in the national interest to get out, I got the impression from a lot of people who said frequently you don't get your eggs to market even though you spend a lot of money. The Couchiching Conference is a good example. This is something on which the CBC spends actual money in the production and therefore it is something that ought to be on the national programme and heard throughout Canada. Once you reach that decision -- at whatever level the decision is made -- should it not be an absolute even obligation across the country of Canada?

MR. DUNTON: I would say there is quite a difference between television service and radio service in that respect. You know, the way that developed was in a different way ---

THE CHAIRMAN: The evidence supports that.

MR. DUNTON: There are special reasons why the Corporation wouldn't put a big effort into something when it wasn't sure of its option time in relation to the station, that it would be very widely carried by the stations. In the Trans-Canada network, you know it has grown up historically





in a rather different way, and, actually, a very large proportion of the public in Canada can hear operations of the Trans-Canada service through CBC stations, so, naturally, there isn't the same need to give the same weight to whether certain programmes fall into the reserve time of affiliated private stations. We always try to do it, but when you get to a practical thing like Couchiching, and, say, it has to fall into this period -- 8.30 to 9.30 -- stations may say it is unfair, we have business in those periods and it is unfair to make a change. We have to make a balance, but we still know we can make Couchiching available to a great many people through our other services.

THE CHAIRMAN: But you know Couchiching is going to be held next year on August 5th, right now, so as far as a change, you can make the change right now if you want to.

MR. DUNTON: That is a good thing to consider, but it is not only the suddenness, but the business. They wouldn't be much happier if you told them a week before or six months before. It is simply that there is so much business coming in every week. It is not only the suddenness of the change of time that is unfair, they say, it is the absorption of that portion of business. The suggestion is a good one ---

THE CHAIRMAN: I am not putting it forward as anything but answering your question of the sudden allocation being a bad thing. The thing that lies behind these problems is the



feeling if there is anything in this concept of a national programme service, not only does the national programme service have to be developed but it has to be distributed, and not distributed on a hit-and-miss basis. If it is worthy of being on a national programme then the objective is to get it across the whole country and not make exceptions here and there down the line.

MR. DUNTON: In the kind of intricate system we are in we have to, a good many times, give consideration to the position of the private stations, and at times it would only be sensible and fair to make these exceptions. But there are times when we can be more definite. I think it comes from the very nature of the intricacy of the system we are working.

THE CHAIRMAN: I confess we don't know as much about the intricacy as you know, but I find it odd for a thing that is deemed worthy not to be part of the national programme service. If it is not worthy of being put on it ought not to be on the service.

MR. DUNTON: In radio, you will remember, it will be put out to millions of Canadians. Then, as in this case, you get the citizens of Kingston and you have to regard the public necessity of making it available to those citizens as against the disturbance of those stations, the disturbance of this weekly balance.

THE CHAIRMAN: Then it comes to the fact you are not putting out a wholly national service,



but a three-quarter national service?

MR. DUNTON: At times, yes.

MR. COYNE: Coming to the subject we were talking about a moment ago, the matter of station regulations in broadcasting, it has been put to us that various station regulations and enforcements of broadcasting regulations are mutually inconsistent functions. Now, in the field of station relations it is naturally good business, good operations, to be on good terms with the station and to be in a position where persuasion rather than sanction has to be brought to bear. Whereas, in that enforcement of the broadcasting regulations you are strictly in the position of a policeman. You may be a gentle policeman, but you are, nonetheless, a policeman. It has been put to us these are not consistent and should be divided. Could you comment on that suggestion that we have?

MR. DUNTON: We think, perhaps, these suggestions arise from what we have been trying to make clear in the last two days. There is a fairly sharp distinction between authority over distribution and authority in the matter of programmes and advertising. To put it one way, we don't think the distinction is so much between regulations and relations. The regulations apply to all stations and relations relate to distribution of programmes.

MR. COYNE: Then assuming that basis of distinction, is there any particular reason why the two things should be thrown into a single function?





MR. DUNTON: I think the chief reason, as I explained, is there is quite a lot of the same work serves both purposes. Otherwise there is no great difficulty there.

THE CHAIRMAN: But you did say a moment ago if Mr. Young reports certain things to you, and you report them to Mr. Ouimet, that must create some problem for him at times to know where to go?

MR. DUNTON: I think it does, but it means spending a little extra money.

COMMISSIONER STEWART: It seems there is some incompatibility in the two functions the station relations are charged with. One is to make friends and influence people and the other is to rap the same people over the knuckles.

MR. DUNTON: Remember, when he is making friends and influencing people about Corporation programmes he has to use both relations -- to persuade up to a point. It is the Corporation who has the authority under 21(a) or (b), and it is the regulation authority where distribution comes into play. It is the regulating authority; it is the same person.

THE CHAIRMAN: And that may be one very good reason to stop calling it a regulation ---

MR. DUNTON: Yes.

THE CHAIRMAN: And the whole process of getting a programme out, either by persuasion or by directive power, runs right into each other. How about the station -- where Mr. Young is dealing with a station in order to get



programmes out and he is already dealing with that same station as to the number of spot announcements he has. There are two things that are really inconsistent.

MR. DUNTON: They are two different functions, and we did at one period have two different officials, and we can easily go back to it. Actually our Board has considered doing that for the very reason you have mentioned. One of the advantages as it is is that when Mr. Young goes across the country he can talk about those two things and he has, in fact, talked about the two things. Otherwise you have to send two different people. It is not a very important matter. It is economic.

THE CHAIRMAN: The suggestion is, and it has nothing to do with Mr. Young personally -- it is in the very nature of the face of things -- that it is the man who in order to do a good job of getting a programme out has to persuade, and, perhaps, with a little authority behind it, convince and win cooperation in getting things out which is, I suppose, ninety-eight per cent of the operation, may find it very difficult to be as strict as he should be in the enforcement of, let us say, advertising spots regulations. If the suggestion has been made it is inescapable in the interests of the holding of the cooperation of the stations. He may not be as tough as he should be in the enforcement of laws as he must. I am not blaming him, but it is inevitable when a man is trying to do both things.





MR. DUNTON: There is something to the appearance of what you say, and, as I say, the Board itself has considered just for those very reasons splitting them. We don't think it has, in fact, made any difference, but if it has the appearance of that, let us fix it.

THE CHAIRMAN: All across the country we have had people say there has been little private monitoring, say from eight to nine in the morning, and have checked it with a stop watch, and we had an example by one of the witnesses in Toronto of a long advertising blurb that lasted two minutes when the allotted time, according to the regulation, was a minute or a minute and a quarter. These things seem to have happened.

MR. DUNTON: I think they have happened. I must confess I have not been terribly impressed, with some of the people coming before the Commission. I heard complaints about spot announcements -- in the first place, let us be blunt about it -- any enforcement agency in this country has complaints from its citizens. Just previous to some of the evidence you had -- just previous, not after, but just before there had been runs made on some of those stations and the station was not nearly as bad as it was led to believe. I am not saying the enforcement is perfect, but I am saying that it is not irregular as some witnesses would lead you to believe.



I was interested in your instance of the commercial message read so dramatically at the Ottawa hearings, and I think the man who produced it said that message had gone through the CBC regulations, which should therefore have checked its length. Well, we checked back on this instance, and a whole batch of announcements for Wate-On went through the regulation division for checking by the Department of National Health and Welfare as to claims, but when they go through there is no indication what programme they are going to be used with. They are labelled, "Announcements for Wate-On". It is not known what programme they are on.

THE CHAIRMAN: They may be on a half-hour programme, in which case a two-minute announcement would be all right?

MR. DUNTON: Yes. So, it may be presumed that it should not have gone on the air. I haven't had time to check back on what was read, but I have seen the copy that came back from the Department of Health and Welfare, and our people worked on the good taste, and if some people were surprised at what was read here, they should have seen what was blue pencilled. Another interesting feature of that instance, Mr. Chairman, is that on checking the files we find the copy was marked, "Return to Neil LeRoy Productions", and we were quite fascinated by the fact of Mr. Neil LeRoy reading a commercial for Wate-On.



THE CHAIRMAN: Before we leave this question, which is not on this particular thing, but is a question of possible inconsistency in the functions of the Department of Station Relations and broadcasting regulations, if Mr. Young would want to add anything on this point I would be very glad to have him do so. I don't want to have this passed over without him having a chance to be heard.

MR. YOUNG: I haven't much to add to what Mr. Dunton has said, Mr. Chairman, apart from the fact that complaints that have come in about stations, and a lot of those stations that complaints have been received about, we are already working on, and we have had correspondence with them, and in some instances -- I can give you one example of where a station had 30 excessive periods under regulation 7(2). I got in touch with them and told them they would have to do something about it, and they corrected it, and that happens with a lot of stations.

THE CHAIRMAN: I have no doubt that is so, and I doubt if we should spend very much time on giving a formal judgment on whether a particular offence has occurred or not. I was more concerned as to whether you had any comments, as the man who has been in charge of this department, as to whether there is in your own practice of it a feeling of any inconsistency in the two functions. I am thinking, as I said before, of the fact that





in order to get the programmes out you finally get the cooperation of the people to get them out, and yet you at times have to check up on them for breaches, of, let us say, the advertising regulations: do you feel that the second thing is affected by the first?

MR. YOUNG: No, I don't, Mr. Chairman. In dealing with both departments of it I find it much easier if it were separated. If it were separated I would have to deal not only with the station, but with the regulatory body, whoever he is, and fight with him too. So, now I go to the station, if it is a question of regulations, and I see the stations and talk to them about their operations, and I haven't experienced any great difficulty in handling both jobs. Incidentally, I do know the complete operation of a station, what they are carrying, what they are doing, and I can speak to them intelligently about their operation, otherwise I would have to go, from the regulatory standpoint, to the regulatory division and find out what they are doing about it, and then talk to the station. Now I have both the departments and I can speak to each individual station about their complete operation.

MR. DUNTON: Well, Mr. Chairman, we make no point of saying that our Board itself has known about the reasons you mentioned -- about making a change.

THE CHAIRMAN: I imagine Mr. Coyne is now



going on to ask you about the question of enforcement of regulations and methods of enforcement.

COMMISSIONER STEWART: Before you go on, may I ask a question: have you a proforma log used by all stations, or do they furnish the log in any way they think fit?

MR. DUNTON: Mr. Young may be more precise on that.

MR. YOUNG: Very often when a station comes into operation they will ask us of the form of log they would like us to recommend to them, so we do take a log of a station and send it along to them, so they can look at it and make up their own log to correspond with that.

COMMISSIONER STEWART: Wouldn't it make the internal operations of the CBC easier if you had consistency there by having a proforma log which all stations could use?

MR. YOUNG: In some instances there is more information than we require. They want that for their own station operation. You understand, we only want so much information out of that log -- who the sponsor is, the duration of the spot or commercial announcements, and whether they have announced whether it was a transcription or a live programme, and that is about all the information that we want. They have other sections of their log, such as the distribution, whether it comes from studio B, and who the announcer was,





and so on. That is for their own information.

THE CHAIRMAN: But musn't you get logs from across Canada in every possible shape and form?

MR. YOUNG: No, they are more or less standard, Mr. Chairman. It has been a gradual process over the years, and I will say the majority of them are more or less the same.

MR. OUIMET: May I say a word on this: I have had a lot of experience about logs, 15 years ago for the CBC and, of course, a station or any broadcaster, whether CBC or private, will use a log for other purposes than those which are required under the regulations. It would be rather a large task to ask the operators in the master control room of the station, or in the control room of the station, to keep two logs -- not a very large task, but there is so much to do in a control room at that time, where you have to log everything, not only matters for Mr. Young's department, but also for the manager of the station to look at, that it may require quite a lot of time and help to actually prepare two logs, because I am sure the logs that the CBC needs for its supervision of regulations is not at all sufficient for what management needs in a station. It is not for ourselves.

THE CHAIRMAN: I think the thing we are thinking of is not necessarily two logs. Supposing



you had a formal log which you printed in the CBC and distributed to all private stations, you could leave a space on that log form for any additional information the person wanted to keep on his own copy.

MR. DUNTON: It would be a good thing for us to discuss with the stations. Going perhaps a little wider than what Mr. Young said, I think I can see more advantage in a bit more standardization than there is now, but we have to take into account the things Mr. Quinlan and Mr. Young have been saying, and it would be a matter of compromise between the two -- trying to work out forms which would meet our purposes and which could be adapted to what the stations want themselves.

THE CHAIRMAN: The additional advantage that may come out of it is that if you had a standardized form it may cut down on your cost of checking those logs, because, obviously, it is a more elaborate operation to check logs made up in a lot of different ways than it is for a standard one.

MR. DUNTON: I think it is right that for Mr. Young's purposes it is fairly easy to check. I was thinking more of the studies of the programming-- the general activities of the stations which don't always come out as well as they might in logs.

THE CHAIRMAN: This is something on which we have sympathy for Mr. Young because our



programme analysis people have had the greatest difficulty in bringing logs into any kind of uniformity, and they have had to go back and back to stations to get answers as to what this means and what that means.

MR. DUNTON: That is what I say, in thinking of the consideration of the programming business, because they are not very adequate in every case.

MR. COYNE: One question in connection with the regulations on advertising: nearly all the discussion -- or the major part of the discussion we have had in connection with advertising is related to the control of the length of the advertising message and the number of spot announcements and that sort of thing: do you make any serious effort to control the content of advertising messages?

MR. DUNTON: There is first what is covered under the regulations themselves.

MR. COYNE: There is regulation 8(1), and then (2) which is the one which may have some application:

"The Corporation may, by notice in writing to any station, require that station to modify the character of any advertisement broadcast by that station, where, in the opinion of a representative of the Corporation, the advertisement is of an offensive or objectionable nature."





MR. DUNTON: That has been used very little, but on the other hand there is a lot of work done under regulation 10 covering the prior submission of all advertising copy dealing with food and drugs, which is a very wide category, and which covers a great deal of advertising on the air. All that material has to be submitted to the Regulations Division before it goes on the air. They submit it to the Department of National Health and Welfare for checking on claims and statements made and that kind of thing. Also, at the same time, because of this particular thing, they take fairly arbitrary action regarding expressions in good taste. So, this whole category of advertising is pretty carefully checked, contrary to what some people have suggested to you, Mr. Chairman.

MR. COYNE: Mr. Jolliffe's example, for example, respecting Wate-On, would have gone through the department, and someone in the CBC would have had an opportunity to pass on the content of that message?

MR. DUNTON: The CBC changes would only be what would be regarded as things pretty obviously not in good taste.

THE CHAIRMAN: We are not to take that as an example of CBC's judgment of good taste.

MR. DUNTON: All I suggest is, I am not sure which was read, before or after, to you, but



the CBC red pencil on the copy I saw had been at work a good deal.

MR. COYNE: One other question on the matter of the enforcement of regulations; the matter of sanctions -- that is, the sanctions that are available to you in respect of breaches of regulations. I believe I am right in thinking that the only specific sanction is the one in subsection 6 of section 21, the power to order suspension of a license?





MR. DUNTON: Yes, there is one that was used on one or two occasions by the board some years ago -- that is under regulation 13 -- which as you know limits the amount of transcribed programmes to be used in the evening. It perhaps is not always understood that in fact that regulation concerning allowances, was set up applying to different increases for stations -- a pretty generous allowance, but still an allowance. However, these things change and with television anyway, it is not being enforced to any great extent, but at one time the board applied the sanction of cutting a man's allowance for transcription. In other words, to make him do more live broadcasting. However, it was drawn up rather briefly and I believe the board wondered whether that was really a proper use of a regulation. It was used, however, on one occasion very effectively.

MR. COYNE: Does that bear any relationship to this matter which Mr. Henderson mentioned the other day -- or perhaps you could indicate whether there is any comment you wish to make about this subject of the system of black marks that was referred to.

MR. DUNTON: No, I don't think that that was what was being referred to. I don't care to talk about black marks in



the CBC. As we understand it, Mr. Young keeps a record, naturally there is correspondence and there are times when a station has been caught out with regulations. As he explained earlier, that is something which is brought to their attention and when it is, the situation is usually corrected. However, a record is there and then, when the time comes for renewal of the licenses, there is a review of the station's activities, and then the record of the station is looked into and if it is serious then the stations are called upon to explain or to discuss it further, before any action about non-renewal is taken.

Perhaps that is what they were referring to, but we have no system that we refer to as black marks.

MR. COYNE: Then it has been suggested to us a number of times that there are some additional sanctions available to the body charged with enforcing these regulations and the specific suggestion has been made that there should be some system of fines. We have had it suggested that it should be possible to fine a station for breaking a regulation, and that that would be a much more reasonable type of punishment for the offence, if you like, than suspending his license and putting him out of business



where the breach might be of a relatively minor significance.

Do you think that some system of fines or some provision for fines of that kind would be a useful adjunct to an enforcement agency?

MR. DUNTON: The board has discussed this idea of some intermediate penalties several times. We have the feeling that it could be useful to have some form of intermediate penalty but we just don't know what it would be. As you know, there is nothing now between this - unless you take the device of making them do more live broadcasts, there is nothing between that and a final suspension which would be rather drastic, of course.

THE CHAIRMAN: Have you ever suspended a license for a breach of regulations?

MR. DUNTON: No.

THE CHAIRMAN: So that the only form of sanction in the statute has never actually been applied?

MR. DUNTON: Yes, the threat has been used, of course, but it has never actually been applied. I think it is safe to say the board thinks it would be useful to have some sort of intermediate action, if they are to continue to have any responsibility. We believe it is possible but we do not know just what. I could say this,





-that fines are so foreign to the way broadcasting has worked out so far.

MR. COMMISSIONER STEWART: It may solve some of your financial difficulties.

MR. DUNTON: I think it would be a pecuniary interest in a very direct way.

MR. COYNE: Now, one of the things which has been suggested by some people who have come before us is a case where you have a station which has made a number of minor breaches of the regulations, and you slap them on the wrist and tell them not to do it again, and they don't do it for a short while. Then they do it all over again and then perhaps, you go through the same procedure, and finally they go and do it all over again.

Now these are really a form of continuous breach of regulations. However, it never gets serious enough to call for such a drastic sanction as suspending a man's license. Would you say that the sort of thing I have mentioned is a problem of any proportion in your experience as a regulating authority?

MR. DUNTON: Yes. It is. The board feels that in some cases of the kind you mentioned it would be useful to have some intermediate penalty.

THE CHAIRMAN: What about the penalty which is in the radio act. I am



referring to proceeding by way of summary conviction. I can well understand a reluctance of the board such as yours to be responsible for levying any fines but, you have the right I think, under Section 5 Sub-section 2 of the radio act, where there is clear cut provision there, through some type of regulation, for breaches of that kind, where you can have summary proceedings in the police court.

MR. DUNTON: Yes, we have thought of that, too.

MR. COMMISSIONER STEWART: It comes to a pretty pass when you become a criminal for talking too much.

THE CHAIRMAN: We are all criminals.

MR. DUNTON: Well, the board does feel that in relation to the way broadcasting has gone in Canada so far, this idea of a police court seems so foreign to it.

We realize that it is from a legal point of view a possibility where the validity of a regulation could be tested, but it does seem very strange to us to be prosecuting a broadcasting station in the police court.

I think if you ask the private stations they wouldn't be very keen on it, although I think one of the lawyers liked the idea.

MR. COMMISSIONER STEWART: I think that the CARTB the other day agreed that it





would be a good thing to have fines.

MR. DUNTON: The way I listened, I heard one lawyer say he thought it would and the other said it wouldn't.

THE CHAIRMAN: I think they both agreed on the opinion that there should be some form of intermediate penalty by way of fines, but I believe one lawyer thought it could go to the police court and the other thought it ought to go to some place else, he wasn't very sure where.

I don't think, however, there was any disagreement on the idea that if you have a regulation there ought to be some practical way of enforcing it.

MR. DUNTON: We tend to agree with the second one. That is that an intermediate penalty would be useful, but we don't know about where the appeal should go. We rather tend to shy away from the police court idea.

MR. COMMISSIONER STEWART: While we are still on that subject I would like to ask one further question -- are there any regulations that you know the American system has for regulating time for advertising and one thing and another.

MR. DUNTON: I don't think that FBC



has any power over the length of advertising.

MR. COMMISSIONER STEWART: If that is not the case, how can you remain within your own regulations and carry American network programmes on the CBC?

MR. DUNTON: Our regulations, as it happens, are pretty close to the codes adopted by the private broadcasting in the States and which are followed pretty well by the networks organization in the United States.

MR. COMMISSIONER STEWART: I see.

MR. DUNTON: So that they conform, pretty well.

We try to watch it too, and as you know, in most cases, there has to be a different Canadian commercial done, so it can be watched, quite carefully.

MR. COYNE : Mr. Dunton - on a somewhat related subject, Section 23 of the Act requires the corporation to submit an annual report to parliament, in such a form as the minister may prescribe.

Is there any requirement that the corporation report on the activities of private stations, as distinct from its own operations and activities.

MR. DUNTON : None that we know of, apart from anything suggested in 22-2.

MR. COYNE : Well now in 22-2  
•there it says that the corporation shall each



year review the activities of all private stations and shall make such recommendations to the Minister of Transport in connection with their working, broadcasting or any other matter concerning such private stations, as it may deem desirable.

Do you make such a review every year ?

MR. DUNTON : Yes, as I explained this morning, we do make that review every year.

MR. COYNE : And you do make a recommendation to the Minister of Transport ?

MR. DUNTON : If we see any need.

In practice, what happens is that we make a review and if there is anything very serious under our regulations, that is followed up - if it is a regulation matter. If it is a matter of general programming, the usual course is that letters are sent out to the stations, pointing out our judgment to someone, that we think their performance is poor in the light of their circumstances, that the kind of live programming they are doing and that sort of thing is not sufficient. Also letters do go out to the ones who, in our opinion, are doing rather better and are doing quite well.

We haven't thought that this sort of thing is useful as a matter on which to make a recommendation to the licensing authority. There is no question of not renewing a license, or the cancellation of a license or anything of that nature.

MR. COYNE : Is that review a public





document or report.

MR. DUNTON : No.

MR. COYNE : It has been suggested to us that it should be - that there should be a public report made each year by the CBC on the activities of the private broadcasters. presumably, along the lines of this review of their general activities about which you have been speaking. Would you have any views on that suggestion?

MR. DUNTON : Yes. My chief view is that it would be an awfully difficult document to draft. As it has been mentioned here this afternoon the circumstances of the stations vary enormously in this country. We find both in making regulations and in reviewing the activities of the station, almost every time, we have to take into account the particular circumstances. Therefore, I think to draft a general report on the private stations, to be fair to them, and at the same time, to make a report that would be of any use, would be extraordinarily difficult - simply because it is so difficult to generalize. It is very hard to generalize.

MR. COYNE: I suppose, however, you could make a report on their activities in relation to the specific regulations--I mean as to whether they have lived up to the regulations or have been in breach of regulations.

MR. DUNTON: Yes, I suppose we could do that. That is usually done pretty much for our own board. In my own opinion, I suggest it simply would not mean a great deal in terms of



the actual performance of a station for good broadcasting and so on, in the public interest.

MR. COYNE : It would not, in your judgment, perform any useful function such as has been suggested?

MR. DUNTON : I suppose that it may be one form of sanction to try to draw the public attention to the station, if they are not informed of the regulations.

MR. COYNE : I think that is the suggestion - that that should be done.

THE CHAIRMAN : I think we can perhaps go a little further, and say that behind this suggestion is the further question - whether it is right or wrong - that the license to the private station confers a privilege upon that private station granted by the State and that the people have the right to know how this is being done. It seems to me that it was part of the CARTB brief that the people had the right to know how this privilege is being exercised.

Whether it is a good idea for the CBC to be responsible for telling the people how this privilege is exercised or whether it should be done in some other way I am not sure yet, but, in the parliamentary committees, has much time been spent on examining the operation of the private stations?

MR. DUNTON : I think usually not a great deal, no. I would say it would be useful but I just point out that it would be extraordinarily





difficult to produce a report that would have any value at all, because, to put it this way, a station might perfectly well live within regulations 1 to 15, and still really not be doing anything very useful to the public interest.

The judgment of its positive contribution is not necessarily relative to the regulations and how could any written report be a fair one and comment on the operation of 150 or more stations in a country where particular circumstances differ so much? It would be extraordinarily difficult.

MR. COYNE : But what about such matters for example as the use of Canadian talent? You are empowered under your regulations to promote and to ensure the greater use of Canadian talent. Assuming that the greater use of Canadian talent is one of the aims of broadcasting policy - whether you have made any regulations or not - in order to achieve this, - is it not a matter on which a specific report could be made with respect to individual private stations?



It is a concept we are interested in very much; we pay a lot of attention to it in the treatment of stations. I think the difficulty in making a report is the argument we have with private stations as to what constitutes talent, and that can get pretty involved. We can decide roughly something is talent or is not, and somebody else will disagree with that. We think by looking at, say, the report of the performance of a station with additional things that the station has made or been invited to make, perhaps very generally only we can form a reasonable idea of what the station is doing, but to put that into words and be able to say exactly why it is not doing a good job will be very hard to do.

MR. COYNE: You point out there is some difficulty in this matter of talent because of the difference of view as to what constitutes talent, if you like. I suppose there could be a difference of view on almost any subject, particularly one that involves definition; does not the CBC Board have the power to say what is live talent?

MR. DUNTON: We could, we would have to write a regulation defining it; we tried, and it is very hard to do. Therefore, in the regulation we were thinking of several years ago, we simply stick to any Canadian programme of any kind because we find as soon as we get into categorization, trying to say whether something was talent or news or comment, we get into extraordinary difficulties, and it would be hard



making a report. But we know pretty well what stations in Montreal and Toronto are doing, and what we think of in our own mind as talent, performers, musicians and writers and that sort of thing, but to put that down into black and white to stand up under criticism would not be an easy thing to do.

MR. COYNE: It looks as if nothing in this business is easy.

MR. DUNTON: It is seldom simple.

MR. COYNE: One other matter that was put before us by some witness: the suggestion was made that some of the station logs were quite inaccurate. Have you had any occasion, has any evidence ever come to your attention that the logs were being inaccurately kept by any stations?

MR. DUNTON: Yes, it has, and checks are made, air checks. There have been occasions when that was found, and it was taken up with the stations. I think there are one or two cases pending now; we are waiting for explanations from the stations, and if we do not get them they will be asked to explain to the Board of Governors.

MR. COYNE: So you have a procedure to check this sort of thing and rectify it?

MR. DUNTON: Yes, the procedure is naturally a spot one; when we think it is a good idea to have an air check made it is made and turned in with the log.

MR. COYNE: Then, I would like to revert to the subject which we dealt with at some length





yesterday, and that is networks, and there are one or two questions which I do not think we covered yesterday. In brief, what is your procedure followed in adding stations or dropping them from CBC networks?

MR. DUNTON: You mean as regular affiliates or supplementaries?

MR. COYNE: Well, either, in bringing any form of affiliation to the networks?

MR. DUNTON: The usual procedure is that, from my memory, it is invariably on the action of the station itself. A new station is established in some area and it very often almost immediately applies to the CBC for permission to become an affiliate of one or other of the networks. It is usually dealt with by Mr. Young, and it goes to other divisions of the management and then comes before the Board.

MR. COYNE: Does it come before the Board in all cases as a matter of course?

MR. DUNTON: Yes, it is always a Board decision, yes.

MR. COYNE: Well, in the matter of subsidiary hookups that were discussed yesterday, you outlined your procedure for considering and approving subsidiary hookups and as I recall it you emphasized that your approval was readily given for a programme or a series of programmes which were live programmes?

MR. DUNTON: Yes.

MR. COYNE: You emphasized the phrase "live programmes"; did that have any significance or



is there a distinction where an application was brought before you for a subsidiary hookup to carry a programme that is not live?

MR. DUNTON: Yes. The policy has been not to make authorization for prescribed programmes. The live programme would cover a programme made in Canada, and also for the purposes of convenience if it was a good Canadian live programme, a good Canadian programme can be put on a record and otherwise played. That would undoubtedly vary, but the idea behind this is to meet what the stations have so often said, this policy was held for years with the subsidiary hookups wanting to spread the cause of live programmes to stations or sponsors over a number of stations. Well, we allow them to do just that, not to encourage the wider spreading of transcribed programmes by means of network.

MR. COYNE: So the mere fact that it was transcribed for some purpose of convenience, as, for instance, for the purpose of delay by one or two stations in the arrangement or for the whole hookup ---

MR. DUNTON: No, that would be ---

THE CHAIRMAN: In other words, if it is live at some time it does not have to go out live to all stations hooked into the subsidiary network?

MR. DUNTON: Right.

MR. COYNE: Well, on this point my colleague draws my attention to a sentence in Mr. Young's letter of August 24, 1956, which says:





"All programmes on subsidiary hookups must be produced in Canada and be live."

MR. DUNTON: If you notice in the parenthesis at the end of the paragraph, "produced in Canada and delayed for convenience may be counted as a live programme."

MR. COYNE: That is what you were saying?

MR. DUNTON: Yes.

THE CHAIRMAN: On the question of networks, certainly for radio, and possibly also for television, is it possible that the whole significance of network operation may be changing somewhat in view of developments of the tape type of recording, the question of video tape that may be coming up in television, and so forth? I will admit if we are going to have a World Series baseball game it is better to have it live no matter how unfortunate the result is; for a great many other kinds of programmes, I am thinking of the musical type of thing or the dramatic type of programme, even discussion programmes. Is this situation changing at all, is it becoming a more flexible thing now with delays and better overall programming on each station by this greater flexibility?

MR. DUNTON: There may be different views about this, there may be personal guesses about it, but my own view is that networks have not quite as much significance as they had. I am speaking of radio, but they still have a good deal of significance in this country because there



are a great many things in radio that you still want to do and can be done better live, not just a baseball game, but many other things -- many things that are far more effective if done live. Then, transcriptions are not very cheap things to spread across a country, if you are running a network for national advantage, national news and events, things that have to be done, farm broadcasts that have to be done each day; I think you will find it is cheaper since you have to have these lines in any case, to do programmes on the line rather than make the transcriptions or tapes, which runs into money too. In other words, I believe that the significance of networks on radio will continue to be very large although not perhaps quite as large as it was.

THE CHAIRMAN: The thing I was thinking of is that these great improvements technically, the use of tapes and possible emergency video tapes for television, as to whether or not there would be any possibility, instead of engaging the lines for sixteen hours a day on radio, you may engage them for eight and do the balance by tape, and thereby save money?

MR. DUNTON: I think it is possible. We can never be sure where this is going. My own feeling is that networks are going to continue to be pretty important.

MR. OUIMET: The difference in cost between a contract for eight hours and a contract for sixteen hours is not in the ratio of eight to



sixteen, it is not double. I should remember but I do not remember exactly what the difference is; it may be nearer to fifty per cent more, and, furthermore, if you take two or three hours it becomes the same price as eight. These things move by steps, usually by steps related to the length of the shifts of the operators on the network. If you have to take men for another shift, well, then, it is just as easy to have it for sixteen, perhaps, as it is to have it for fourteen. As to the trends between network and transcriptions in general, radio and television, I agree with Mr. Dunton completely. I think in radio there is probably a trend towards perhaps a greater use of transcriptions, lesser use of live networks. I think I am putting it badly -- not actually lesser use of the live network, because once you have a network and you have paid for it a certain number of hours there is an economy to use the network rather than to go to transcription, as Mr. Dunton was saying, but generally speaking I think there has been a slight trend to recording methods, a greater trend than in the past, but where this is going to stop we do not know. We think, and we feel very strongly, that the network is really the important thing for many, many years to come; I do not see how we can do without it.

THE CHAIRMAN: Mr. Guilmet, it might still be important, it might still have all the elements of a network, but the mechanical means of getting the signals to the individual stations might





be different.

MR. OUIMET: I am still thinking of network in the sense of the use of microwave or cable or lines permitting instantaneous transmission.

THE CHAIRMAN: Yes, but I am putting to you what would still be a network in the sense of getting the same programme out to the people by the use of tape recordings.

MR. OUIMET: This has been available for a long time in radio.

THE CHAIRMAN: What interested me -- I think it was Mr. Thomson -- he was telling me about the subsidiary networks on quite a lot of stations in Quebec, and I think he did say to us that there was a considerable advantage he had found in the move towards -- it is still a network in the sense they are all putting the same thing on, but they are putting it out from tapes rather than from simultaneous broadcasts of signals from a wire.



MR. OUIMET: There is nothing technical to prevent this form of distribution but I am simply suggesting that there are so many advantages in being able to do it live and so many occasions when you do operate a network and have to have these facilities. You mentioned the baseball game, particularly, and there are many others like this where the instantaneous character of the transmission is very important to the listener and has this added attraction even on certain programmes. It seems, for example, in television that Jackie Gleason in the United States went to film. I believe the people thought they could do a better job on film but, actually, it has turned out it was not at all as popular as when it was live. There is a certain character of immediacy in the live programme you don't find in the recorded programme.

COMMISSIONER STEWART: On the other hand, because of the different kinds of programmes in this country you always have to use tape and probably to a considerable extent microwave.

MR. OUIMET: As a delaying purpose at a fixed point, but we still use microwave if we can and in that way it would save the time of the flight of the plane to get it to a central point, a distant point, and in this way we can delay from one hour to two hours.

MR. DUNTON: Let us look at the situation in Canada. I think we all agree television can





mean anything there should be some possibility of instantaneous connection for certain things, for some events, for example, programmes dealing with current happenings which absolutely must be live, instantaneous, to be anything. Well, to have the microwave connection across Canada it is essential there be long-term contracts for a minimum number of hours a day or we won't have those connections. Then, as Mr. Ouimet says, subject to the premise we have to have the connection we might as well use them to a large extent even though it is becoming increasingly, or will be in the future, easier to get good technological recordings. You get a connection, if you must have it, and you might as well use it.

COMMISSIONER STEWART: I take it from your reply the microwave installations don't belong to the CBC?

MR. DUNTON: No, they don't belong to the CBC, but they were only built by the communication companies because we made ten-year contracts for a minimum number of hours a day with them.

COMMISSIONER STEWART: So without the CBC they would never have been installed?

MR. DUNTON: Yes, so they told us.

MR. OUMET: May I add one other factor to this. That is, when you use a recorded method, obviously it becomes very difficult to ensure the same time of transmission over all the



outlets unless you have as many tapes and recordings as you have outlets. So you have a problem of scheduling your tapes or your recordings so that stations which overlap in their service, to a certain extent, do not find themselves in a position of showing a programme which has already been shown the previous week or the previous day on the other station. In other words, in a place, for example, as between Hamilton and Kitchener, if you were using prints then you would have to send two prints and you would have to send another print to London and probably another print to Windsor because you could not afford to have one station give the programme before the others because there is a great deal of overlapping in between a service.

COMMISSIONER STEWART: I pursue this question of microwave one step further. Could that microwave installation carry more than one programme? .. Say, for instance, another network is started up, could that microwave carry a CBC network and at the same time carry a second CBC or private station network?

MR. OUMET: Yes, the telephone and telegraph companies have built microwave with the potential capacity, so it can be used if it is needed for more than the one network. On the other hand they have the equipment installed only at certain sections, important



sections, where they are using that anyway for their telephone and telegraph messages, but the towns, the buildings, are all such that additional equipment can be provided for pretty well any requirements that television may have in the future but I should point out that if, for example, the CBC want to broadcast two programmes, and it does happen, between certain sections we have to pay double the rate.

COMMISSIONER STEWART: Naturally.

MR. OUIMET: I mention this because some people have had the idea that we could just send a second programme for the same price as one because the thing has been built and we have the channel anyway.

COMMISSIONER TURCOTTE: Do you pay exactly double or do you get a discount?

MR. OUIMET: It is double.

COMMISSIONER TURCOTTE: Exactly double.

THE CHAIRMAN: I take it from what you say this existing capacity is only installed for certain more populous parts of the country. In other words, if you finally get your microwave relay across the whole country to Vancouver, you couldn't a day after that, send a second television across?

MR. OUIMET: Actually, if it was something very important and we gave them some notice, not necessarily a year or two years ahead, perhaps two weeks ahead, they might be able to





make a special arrangement for an occasion but to do it regularly would mean they would have to build another channel in certain sections, at least, to carry a regular second television service. On the other hand, the companies are in business and I am sure if they knew there was sufficient demand from the CBC or anybody else to pay for the equipment and the operation of the equipment for a second or a third or a fourth service they would likely get to it.

THE CHAIRMAN: The same relays are carrying telephone and telegraph messages as well? Just as a matter of curiosity how many series of telephone messages do you displace on a television programme?

MR. OUIMET: I don't know exactly in terms of the television broadcasts but, generally speaking, you can say a television programme takes the same space of frequency as 600 radio programmes and a radio programme takes the same space as three telephone conversations.

THE CHAIRMAN: I don't know that it is anything more than curiosity that we asked but it does give an idea of how much of the microwave spectrum you are blocking out.

MR. COYNE: Just to clear up this subsidiary hook-up matter, I understand you approve of a subsidiary hook-up for live broadcast or for a broadcast that has been produced live but has been transcribed for some purpose of convenience



or delay but you would not approve a subsidiary hook-up for a subsidiary station grinding out records carried on wire lines to other stations?

MR. DUNTON: That is right.

MR. COYNE: Is there anything to prevent a series of 30 private stations in organizing a hook-up of wire line, for example, and each buying the identical disc from some agency or other and putting it on at the same time on each of the stations?

MR. DUNTON: No, there has been quite a little misunderstanding of regulation 14 about the simulation of networks.

MR. COYNE: Which regulation was that?

MR. DUNTON: 14 (3):

"Except with the consent of a  
 "representative of the Corporation  
 "no station shall broadcast any  
 "reproduced programme or speech  
 "which would have the effect of  
 "simulating a network of stations  
 "not authorized on behalf of the  
 "Corporation."

"Speech" is the important work; speech which would have an effect of simulating a network of stations not authorized on behalf of the Corporation.





THE CHAIRMAN: Whatever those words mean you have the effect of simulating networks?

MR. DUNTON: It was tried at one time and it might be tried again to give the effect of having a network to stations which were not authorized and would not be authorized for a network.

THE CHAIRMAN: Suppose a soap company wants to produce a programme by transcription and have it carried on 30 different stations at the same time and it produced 30 copies of this transcription is there anything to prevent them from putting on that programme in those circumstances?

MR. DUNTON: There is nothing to prevent them.

THE CHAIRMAN: Does it, in fact, happen?

MR. DUNTON: There is a good deal of nationally wide distribution of national programmes.

THE CHAIRMAN: From the point of view of the soap company, that programme might just as well be on a network.

COMMISSIONER STEWART: You wouldn't call that a simulation of a network?

MR. DUNTON: No, you wouldn't call that a simulation of a network. This is to catch people pretending to be a network.

THE CHAIRMAN: Is there some device to make it look as if it was a live programme when, in fact, it was not?



MR. DUNTON: It was designed to do that sort of thing.

MR. COYNE: Can you give us some instances of that sort of thing?

MR. DUNTON: Yes, this arose in instances where there was a desire to have a subsidiary hook-up for opinion broadcasts and the Parliamentary committee did not think very well of it and there was an attempt to devise a method of doing it by transcription that looked the same as a network and Parliament put a stop to that sort of thing.

MR. COYNE: Was it because of the nature of the programme?

MR. DUNTON: Yes, it was because of the nature of the programme and because of the general policy which the parliamentary committee started when they would not approve of network time to be paid for opinion broadcasts. They felt that money would control all the networks and could be acquired or used for the spreading of one opinion.

MR. COYNE: In other words, that comes more under the sort of question you deal with in your white paper.

MR. DUNTON: Exactly.

MR. COYNE: Then under any general policy respecting networks or simulated networks?

MR. DUNTON: Yes, this was to stop the networks and was designed under the white paper policy.



MR. COYNE: But as a point of fact respecting these joint programmes, say a soap opera, that type of arrangement is permitted and, in fact, goes on a great deal?

MR. DUNTON: There is a great deal of wide-spread distribution of transcribed programmes.

MR. COYNE: Then one final question on the general question of networks. When CARTB were before us the other day they mentioned the 1944 blueprint which had been, as I recall their statement, prepared by a number of private stations and was a blueprint for a national radio network and they said they had prepared this blueprint and presented it, I don't know to whom, and that the only thing that happened the CBC took it over and formed the Dominion network. Now, I wonder, if you could give us your comments on that incident, if you can. And if that is an accurate description of what happened tell us why the CBC took over the plan?

MR. DUNTON: I cannot give personal knowledge but my information is from people who were there. During the war, in 1942 or so, radio broadcasting developed very rapidly and, apparently, there were some programmes, at least, which were candidates for network broadcasting in Canada and there wasn't space on the Trans-Canada so CBC began with private stations to develop an alternative and first





an occasional basis and then, more or less, on a regular basis working with the private stations. In about 1944 it obviously became desirable to establish this network on a pretty definite basis, with a name, on a regular basis, and the Dominion network was set up. There is some mention and some reference in those years, 1942-1944 to stations making a suggestion -- more individual stations -- making the suggestions or mentioning something about private stations themselves setting up a network. We don't remember any specific blueprint nor can we find one. There was some reference in the Parliamentary committee of 1944 to this subject suggesting that the CBC had moved first. All I can say, we cannot recall any definite submission. There was a submission that the CBC got in before.

MR. COYNE: There is no record as of a definite submission and, I suppose, a formal submission, having been made by some group of private stations to the CBC as the authorizing authority which could be characterized by the term blueprint?

MR. DUNTON: No, we cannot find it nor can we remember it.



THE CHAIRMAN: Well, this is what the CARTB brief says, and it is Exhibit No. 312, at page 15:

"National private networks operating in Canada were dismantled after passage of the Broadcasting Act of 1932. Repeated efforts to secure permission for revival have failed. Intensive negotiations were conducted with the CRBC, CBC, and the government between 1939 and 1945, with many alternative blueprints being presented. Only results were:

(a) Formation of a second nation-wide English network by the Corporation."

And, (b) is this regulation as to subsidiary networks. You were not there at the time, Mr. Dunton, but you have been able, I take it, to find no trace of a blueprint being presented in, let us say, the period 1942 to 1945?

MR. DUNTON: No sir, in that period we can't. I think in 1939 there were more definite representations made by the private stations.

THE CHAIRMAN: When was the Dominion network started?

MR. DUNTON: It was just called the alternate network first, and it began to develop





around 1941 or 1942. The Dominion network as an entity was formed in 1944.

THE CHAIRMAN: Mr. Lynds and Mr. Allard, do you think you could produce for us some of these alternative blueprints that have been submitted to the CBC and the government within the period 1939 and 1945?

MR. LYNDS: There is some correspondence that we have along that line which we will be glad to file with the Commission.

THE CHAIRMAN: Thank you, Mr. Lynds. I would like it in detail because we want to see whether it was, in fact, a blueprint or whether it was just an inquiry about the possibility of a network. Certainly the way the brief puts it it looks as though it was a pretty definite plan of a national network, and you are suggesting that the result from putting the blueprint in was the formation of the Dominion network, and we would like to trace that to see whether this is, in fact, so, because we seem to have a lack of evidence on the subject, and I would like to test it.

There is one other question on networks, and I don't remember what it was, but Mr. deGrandpre does.

MR. deGRANDPRE: The first question I would like to ask you, Mr. Dunton, is this: it has been stated to us that station operations were



profit-making as a general rule, while network operations were deficit things. Would the same thing apply to regional hook-ups? By this I mean, would the regional hook-ups be profitable in the sense that you would spread the cost between a limited number of stations in areas where it would be attractive to the sponsors?

MR. DUNTON: Look at it this way: in actual practice what usually happens in a subsidiary network is that a sponsor either gets the idea himself or perhaps some station is interested as an agency in the idea of sponsoring the programming on a group of stations for a live programme. In the ordinary course of business the stations don't participate in that unless it pays them. The sponsor usually pays the cost of the programme, and the stations get the station time. I think they have on occasions -- certainly they have joined together for a sustaining network. They may have joined -- I don't know -- on some project on which they would not break even. I don't think you can generalize as to whether it is a paying proposition. It certainly is a way of spreading the cost through a larger number of stations.

MR. deGRANDPRE: This was a preliminary question leading to the main question, that if the regional hook-ups are permitted on a large scale in Canada, is there not a danger that the private



stations will be limiting their activities to the thickly populated areas and be in a position to offer a cheaper programme to the advertiser and thereby reduce the chances of the public system to sell its national programmes?

MR. DUNTON: It might be, but to tell the truth -- you are talking of this being a form of competition, and it is a form that would not worry us; the possibility of live Canadian programmes on regional networks interfering to any large extent with national operations.

MR. deGRANDPRE: What I really had in mind was this, by creating regional networks in the very thickly populated areas such as the southern portion of British Columbia and the southern portion of Ontario and Montreal and the Maritimes, without filling the gaps, then you concentrate on the attractive zones in Canada without serving the country as a whole.

MR. DUNTON: In the case of networks which would bring in programmes from the States, as the CBC does, and using a lot of imported material as well as some Canadian material, there would be that possibility -- that concentration, and the taking away of programme support from the national service which is trying to cover the country more widely,





certainly. I was saying it is purely a question of live Canadian programmes, and I don't think there is a likelihood of very much happening.

MR. deGRANDPRE: Why do you make a distinction between the live Canadian programmes on networks and the imported American productions.

MR. DUNTON: Because of the factors that weigh so heavily on the whole of broadcasting in Canada, that it is so relatively cheap to import attractive material and so relatively expensive to produce anything live in Canada.

MR. deGRANDPRE: I appreciate that, but why would it be more dangerous or less dangerous on a regional basis than it would be on a national basis for networks?

MR. DUNTON: Less ...?

MR. deGRANDPRE: I think you have stated that you are not afraid of this kind of competition if it is for live Canadian talent?

MR. DUNTON: Yes.

MR. deGRANDPRE: And that you would be afraid of this competition for imported American programmes?

MR. DUNTON: No, I wasn't trying to put it that way. I was saying that if regional networks developed which were based to a large extent on imported programme material, with perhaps some live material, that that could have an effect on the national network picture -- quite a large effect.



THE CHAIRMAN: Well, that would be simply on the basis of the economics of the fact, that if you had a network for London, Hamilton, Toronto and Kingston, using imported programmes, they would presumably be able to offer those to advertisers at a rate which may cut into your present network advertising in Canada -- the national network advertising in Canada?

MR. DUNTON: Yes, with easier circumstances which may suit sponsors better than our efforts.

THE CHAIRMAN: But if this is to be a live programme, the costs may be so high that the encroachments will not be very great.

MR. DUNTON: Yes.

MR. COYNE: Well, with your public funds, your competitive position in Canadian production is so strong you can meet any competition arising in the way Mr. deGrandpre suggests?

MR. DUNTON: I would not put it that way, no. I am just saying that not much would develop. I make that blunt prediction.

THE CHAIRMAN: You did give us the impression yesterday -- or, at least, you gave me the impression yesterday, Mr. Dunton, that the CBC was prepared to be pretty friendly and co-operative and ready to approve these subsidiary hook-ups?

MR. DUNTON: Yes.





THE CHAIRMAN: Then I think Mr. deGrandpre's question is, if you are, in fact, doing this, even if you put in your requirements of something live or Canadian, may this not affect your commercial revenues which you have today on national network broadcasting?

MR. DUNTON: I suppose it could. It could. There may have been some sponsors who have sponsored shows on the subsidiary hook-ups -- it might have some effect. We thought it was in the public interest to allow this initiative; it is a good kind of initiative, and we thought it was a good thing to authorize.

THE CHAIRMAN: We are interested in it because we have to do some calculations on the financing, and if this policy of subsidiary hook-up authorization is likely to cut into the present commercial rate of revenue we would have to take some account of it.

MR. DUNTON: We don't think it would have any serious effect as long as it is confined to Canadian programmes.

THE CHAIRMAN: I would like, if I may, following that, and to be sure I understand one point about this, and to get it down to a concrete example, ask you this: supposing a group of private stations came to you and said, "We want to produce a series of Shakespeare plays using Canadian talent, and first of all we will put them out live"; that kind of thing would probably be approved?



MR. DUNTON: Yes.

THE CHAIRMAN: On a subsidiary hook-up?

MR. DUNTON: Yes.

THE CHAIRMAN: If instead of doing it on wires running simultaneously, they chose to put it on a tape or discs, using live Canadian talent to produce it, would that be approved?

MR. DUNTON: Yes. In fact, it wouldn't come up for approval. They could do it and go ahead.

THE CHAIRMAN: Even though it was not put out simultaneously in each of the half dozen stations?

MR. DUNTON: Yes, they could still do it now without coming to us.

MR. deGRANDPRE: Isn't this a clear example of a live Canadian programme being put out on four regional hook-ups which would cover the thickly populated areas and thereby be very stiff competition with the national network?

MR. DUNTON: I keep saying -- I may be proved wrong some day, but I doubt it -- but to the extent it is live Canadian production I don't think it will greatly affect the national network. We would like to see more of that kind of thing.

THE CHAIRMAN: Well, if it does happen you are prepared to face up to that?

MR. DUNTON: Yes.

THE CHAIRMAN: Applying the same ideas as I was suggesting in relation to radio to television,



is there anything to prevent a group of half a dozen private stations getting together for the production of a series of plays, let us say, by Canadian talent for use in the period when there isn't the national television service being carried?

MR. DUNTON: No; as a matter of policy there is not. We decided this as a matter of policy, and we would consider a request for a television subsidiary hook-up just as we would a radio one. To be fair --

THE CHAIRMAN: Well, just carrying on from there, that would allow them to do a television subsidiary hook-up by microwave or other transmission methods, and it would also -- even today four or five private television stations could get together and pool their funds and commission the preparation of a play on film -- a Canadian play on film and show that film whenever they like ?

MR. DUNTON: Yes, there is nothing stopping them at all.

THE CHAIRMAN: They don't even need to apply for permission?

MR. DUNTON: No.

THE CHAIRMAN: Do you know whether it has ever been done?

MR. DUNTON: I don't know about the film thing. I was going to go on when we get to our next section and discuss this whole subject some





more, on the subsidiary hook-ups. I know there has been one case of a tentative discussion started by an agency for a hook-up of Ontario stations, and they found the costs involved, and could not clear some of the stations, and they dropped the idea because the microwave is so expensive. It also is not too easy, simply because of the question of availability of the microwave and the fact there are only single stations in each area and they are quite busy now. In practice it would not be too easy to work out, to get the timing of the microwave circuits when they could be available.

-

-

-

-



THE CHAIRMAN: What I am trying to get at is the oft-repeated claim that we have had, that the absence of network is what is preventing the pooling of the resources of the various private stations for the production of Canadian-made programmes.

MR. DUNTON: Well, they can pool quite a lot. In practical terms I don't know, and I don't know if Mr. Ouimet would agree with me, but I think from what we know of operations it would not be too easy to make a play on film. That requires a good deal of skill, for television, a good deal of skill.

Most of the stations haven't got and haven't much reason for having kinescope equipment. It would be quite a big project for them to undertake at the present time.

I was going to go on to the next point of a general nature and point out that apart from the stations, private enterprise in general, the advertisers and so on, there is quite a wide opportunity for producing and using Canadian productions.

THE CHAIRMAN: Well, the impression we have had certainly is that there are some regulations or some policies of the CBC which are preventing this kind of pooling of the productive activity of the private





stations, or that the absence of the network is the complete answer to the production of Canadian programmes for both radio and television. Therefore, I would like to hear something on this tomorrow when we come to it. We have reached a point here at which I think it is probably as good a time as any to break in our questioning and to ask you to go through your other headings.

MR. DUNTON: This was the sort of thing I was going to speak about next.

THE CHAIRMAN: Yes, even though there are certain things on my list and I imagine there are on our counsels' lists which could be put in under this first heading. However, they may have to come later; for instance, I have a number of questions on the whole future of radio, but that can equally well come later, and we can raise this question tomorrow after you have resumed your second heading. We do not necessarily have to ask you in any particular order.

MR. DUNTON: No, very well  
Mr. Chairman, we will take that up tomorrow.

MR. OUMET: I have a good number of our senior people here, Mr. Chairman, and I am told that you might possibly finish this week so, there may



not be another opportunity to present them to you, and I would like to introduce them to you at this time.

THE CHAIRMAN: Oh yes, we will be pleased if you will do so, Mr. Ouimet.

MR. OUMET: You know Mr. Bushnell, who is our Assistant General Manager. He has another job though, he is also Controller of Broadcasting which means he is the boss of the programming, commercial station relations and audience research group. These division are such as are not usually found in the great industrial types of organization.

We have as Controller of Administration Colonel Landry, who is the boss of the personnel administration, and legal business side of our operation and, the two of them with myself, constitute what we call, perhaps loosely, the executive of the corporation.

We are assisted by executive assistants -- the assistant of Mr. Bushnell is the assistant controller of broadcasting who is Mr. Jennings, who is also our programme director and so he also takes a division. Mr. Carter is the assistant of Colonel Landry and we also have co-ordinators of TV, Mr. Gilmour, and the co-ordinator of radio, Mr. Morrow. Now, this whole group works with the general manager, assisting the general manager in



some form or other, but they are more or less generalists as distinct from specialists.

Now, the heads of our specialized divisions, I have already mentioned Mr. Jennings who is the head of our programming. I don't think Mr. Bramah is here -- he was here a few minutes ago -- and he is our Treasurer. Mr. Bill Richardson is the director of engineering, and Mr. Fraser, as you know, is our director of press and information. Mr. Young, you know, and he has a dual function. Mr. Powell is our commercial manager, and Mr. Stiles is our director of personnel and administration.

I don't see Mr. Morrison, who is our head of audience research. I see Mr. Laidlaw, our counsel. Now there are a number of other senior officials who are heads of our regions, but who do not have their office here in Ottawa. By the way, I should mention that all these people do not report to me, they report to the three of us. They report to Mr. Bushnell, Colonel Landry and myself.

THE CHAIRMAN: Well, I think when we come to the third heading this will be useful to us to have seen and to have met in this formal way, these associates of yours, Mr. Ouimet. I think when we come





to the question of financing and administration, which is your third heading, we may have certain questions to ask you about the general organization of the CBC. We will now adjourn then until 10:30 tomorrow.

HEARING ADJOURNED  
AT 4:55 - TO BE  
RESUMED AT 10:30  
ON THE 11th OF  
OCTOBER, 1956.



ROYAL COMMISSION  
ON  
BROADCASTING

HEARINGS

HELD AT

OTTAWA, ONT.

OCTOBER 11, 1956

V-47





ROYAL COMMISSION ON BROADCASTING

Ottawa, Ontario,  
Thursday,  
October 11, 1956

PRESENT:

MR. ROBERT M. FOWLER	Chairman
MR. EDMOND TURCOTTE	Commissioner
MR. JAMES STEWART	Commissioner

- - - - -

MR. JOHN M. COYNE	}	Counsel
MR. A. J. de GRANDPRE		

- - - - -

MR. PAUL PELLETIER	Secretary
--------------------	-----------

- - - - -

FINAL SUBMISSIONS:

CANADIAN BROADCASTING COMMISSION

Mr. A. D. Dunton, President

Mr. J. A. Ouimet, General Manager

- - - - -



RESUMING at 10:30

THE CHAIRMAN: I wonder if, at the outset, this would be a convenient time Mr. Linds to file any material you have in connection with these network applications. Have you those available Mr. Linds?

MR. LYNES: It is not available at the moment, Mr. Fowler. That is, it is not available completely. Here is Mr. Allard now and I think he has been working on it. He did a lot of work last evening but it is not complete, and we would like to have a little more time.

THE CHAIRMAN: Well, since our time is running out as far as our hearings are concerned, would you try to be ready at 10:30 tomorrow morning with whatever there is on these points?

MR. ALLARD: We will certainly do our level best, Mr. Chairman. I can assure you it has been given highest priority. I am a little handicapped, however, in that our committee is scattered all over the country. I spent until 11 o'clock last night trying to get things into shape and we will certainly do our level best.

THE CHAIRMAN: Our particular interest is in the statement in your brief which occurs in the first twenty-one pages to which we were told by your counsel we should pay particular attention.



You state there that the national private networks, operating in Canada, were dismantled after passage of the Broadcasting Act in 1932 and repeated efforts to secure permission for revival have failed. Intensive negotiations were conducted with the CRBC, CBC and the government, between 1939 and 1945, with many alternative blueprints being presented. The only results were (a) formation of a second nationwide English network by the corporation and (b) subsidiary networks could be formed with prior written permission of the state agency on a per-broadcast basis, making formation of such networks difficult or impossible in practice.

What we would like to have would be any evidence of the intensive negotiations (a) conducted with CRBC (b) conducted with the CBC and (c) conducted with the government between 1939 and 1945, which you describe as blueprints being presented. The other point is as to the causation between these presentations and the formation of the Dominion network, if there is any connection between the two. So, if you could have that ready for tomorrow morning that will probably be the last public day of hearings, and I would like to have this on the record at that time, Mr. Allard.

Now Mr. Ouimet - you said that you had one other introduction to make to us ?

MR. OUIMET: That is correct, Mr. Chairman. In looking around yesterday and introducing our people, I did not even see one of them and that was Mr. Marcel Ouimet, Assistant Director of Programmes, and I see this morning Mr. Neil Morrison is here and Mr. Bramah, our Treasurer, is





also here.

THE CHAIRMAN: Thank you. Well now, we said that although there may be still some general questions, Mr. Dunton, we will have a change of face at this point and go back to the other parts of your presentation, and in looking them over it may be as well for you to go through the three remaining sections after which, we will have questions on all of them. We may decide to have some questions as we go along, but let us see how it works out.

MR. DUNTON: Mr. Chairman, I think one of the things we were going to talk about would relate to the certain subjects about which questions were to have been asked at the end of yesterday afternoon, on the economics of broadcasting, particularly the economics of production of material for broadcasting in Canada. You have heard quite a lot in the course of your hearings about competition in broadcasting. We think that the really important competitive factor in Canadian Broadcasting from the national point of view is the competition of the imported programming on Canadian programming.

MR. COMMISSIONER STEWART: Competition of what, Mr. Dunton?

MR. DUNTON: Imported programming



on Canadian programming of all kinds, and speaking in a general way, we think that this is not just something in broadcasting, that it is an extremely important factor in our national life and in the development of broadcasting and in the way broadcasting can develop. The development of broadcasting is a very important factor in our national life and a great deal has been said about what should be done or what will be done. We think the validity of the economics and the geography of Canada has always to be kept in mind and in broadcasting these economic factors, as we say, are extremely important.

Perhaps competition is not the best word, but as we pointed out in our main memorandum we emphasize a great deal that there is an extraordinarily strong pressure on the basis of commercial arithmetic, towards the use of imported programming material on the Canadian air. Therefore, there is the pressure towards the use of imported material rather than the production of material in Canada itself. We have given you some examples, and I think you have had more in evidence, as you have gone around the country, when you have heard about for instance, speaking generally, any station being able to get a pretty attractive programme for \$7.50 or





\$10.00, whereas, naturally, the production of any sort of live programmes on radio would run into \$100.00 or \$200.00. So that you get these differentials starting right away. In the same way in television, as we pointed out to you, the differentials run extraordinarily high and range widely.

You can get the rights to a film of some sort that will fill a half hour or one hour programme in some cases, for one station, for one, two or three hundred dollars, but the minute you start producing anything live the most minimum basis runs into a question of a number of hundred dollars and very soon into thousands of dollars.

We want to emphasize this constant extremely strong pressure towards the use of non-Canadian material. We further want to emphasize, and no doubt you will realize, the CBC is very much not anti-American in any way, nor are we trying to preach anything against our friends in the South. Very great contributions to broadcasting in Canada have come from South of the border. We think that Canadians, and particularly English-speaking Canadians will and do always want to listen to and to see a good deal of material from the United States and from other countries but, we also feel that if



broadcasting is to have any really effective part in our national way of life and regional life, as well as Canadian life, that at least a substantial part of broadcasting has to be done by Canadians and not just listened to or viewed by Canadians.

To be a little more specific, it seems to us, that it has been very often suggested that the CBC is stopping something. Again and again somebody suggests that something cannot be done because of something the CBC stands for or that the CBC is stopping. We have tried to indicate through all this that we are basically interested in positive things -- in getting things done in Canada -- and not so much in stopping things from being done.

There is the question of radio networks and you raised some very specific questions. I think we could point out, however, some other things. Certainly in the eleven years that I have been Chairman of the CBC, I haven't seen a specific blueprint or anything calling for a national network composed of private stations stretching right across the country and carrying a substantial amount of Canadian programming. We say in our main memorandum that we think it is right -- it is



an estimation, of course -- but such a network formed in that way just isn't practical business. It might be that a lot of private stations have a great many resources and may decide, as a matter of policy, or a contribution to the country, that they wanted to do that. However, we are pretty sure and we know a great deal about the economics of network operations, that it would not be good business and, therefore, it is not likely to happen.

We would draw your attention to this, Mr. Chairman. There has been reference made to the fact that more live talent cannot be used on private stations because the CBC won't permit something.

In the first place, we think we have made it pretty clear that there is at least very wide opportunity for regional subsidiary hook-ups under which the cost of live production could be spread, as we suggest, among a number of stations. In this case the stations or the advertiser could spread that cost over at least a pretty wide circulation.

On the question of the national network, we would draw your attention first to the fact that as I say, from my personal lack of knowledge, there has been no concrete proposition in the last number of years, and





furthermore, especially in the last few years, the lack of any new requests by the Canadian Association of Radio and Television Broadcasters for even the right to form a national network. I think, if my memory is right, before the Massey Commission they did request in a general way, that they be in a position to form national network connections -- but I just couldn't say -- --

THE CHAIRMAN: We have had the same kind of general statement made in several of the briefs of CARTB, that they would like to have, as they put it, the right to form networks.

MR. DUNTON: I think that has been said: My memory is from the CARTB spokesmen the other day that they specifically said "we are not asking this Commission to recommend the right to form regular networks". That is my memory of what was said, but it looks to us as if it has been a matter of decided CARTB policy recently, not to raise the question of the right to form national networks.

MR. COMMISSIONER STEWART: I don't think that they ever were quite so expressive or so specific. I don't think they ever mentioned national networks as such. They always have stuck to the one word "networks". I may be wrong in that. I am relying on my



memory as you are.

MR. COYNE: I think the point Mr. Dunton is referring to as far as this presentation the other day is concerned, and if my recollection is correct, it is somewhat similar to his, in this sense: that they wanted control over the networks to be vested in a Canadian telecommunications board, which board would then say whether or not there would or should be a network.

MR. DUNTON: That's right.

THE CHAIRMAN: But the point is now, as I read out at the opening this morning, that CARTB is making some point of the fact that we are talking about here -- the national private networks. Some point is being made of the fact that they have made repeated efforts which have failed and they have conducted intensive negotiations, looking towards that eventuality. Another point is in the first twenty-one pages of Exhibit 312, the reference to networks as being something that the CBC had prevented. I would take it from this that they wanted some kind of network rights.

MR. DUNTON : This was just an example.

- - -





MR. DUNTON: That was just an example.

THE CHAIRMAN: On page 29 where they are dealing with network operations, they say:

"The removal of the artificial restraint on network operation by private broadcasters will in the submission of this association establish conditions comparable to those existing when private enterprise first entered the radio broadcasting field and established broadcasting and network facilities even when the condition of technology and art was but little developed. Private enterprise has, notwithstanding the many other restraints placed upon it, provided a very extensive service to the nation. It should have the opportunity to provide this additional service both in radio and television broadcasting."

MR. DUNTON: Mr. Chairman, we don't want to make any great point of this, because it relates to what other people have said. What I find strange is that they say those things, which is not very critical of the CBC, and, as I understand, and I may be wrong, they said, "We are not asking this



Commission to recommend these regular network rights"--relying on a separate board. I find it strange they say that when their second major point is that this Commission should recommend alternate television stations, which I would think would be just as much a matter which could be left to a separate body, if one were set up; in other words, a very specific request to this Commission for recommending that development. I think the transcript will show pretty clearly they are definitely not asking this Commission to recommend the right to form regular networks. I just want to make the point that there is a certain inconsistency between the kind of passage you have read and the lack, as I understand it, of a request to recommend the right to form regular networks.

THE CHAIRMAN: It may be that tomorrow, Mr. Lynds, you will clarify a little bit what the position of CARTB is in connection with networks.

MR. LYND: We will try to.

MR. DUNTON: We did want to talk more about the general economics of production. This will partly relate to some of the evidence and the opinions or ideas put before you by different individuals or organizations; in particular, those which paint a pretty glowing picture of the television production which they suggest would automatically develop if there were alternate stations, particularly a second television station in Toronto. I thought it particularly fascinating



to listen to our old friend Mr. Wright in Toronto who, as I say, I think painted a pretty vigorous word picture of the lively production that would probably develop under a station. I think his outline extremely brilliant, except I could not find much evidence to support it, and I thought the written brief of his organization rather countered a good many of the things he was saying himself. Just to give you a reference, on page 23 of the brief of the Association of Canadian Advertisers it said flatly, "The cost of producing live shows in Canada is not yet justified by the commercial return." I think a great deal of the other general material submitted by the association on the high costs, and so on, in general supports that view. The Association does go on to make suggestions how we, in their view, might encourage more competition by advertisers, and I think the basic economic facts they put before you justify that statement they make on page 23, and I think a good deal of Mr. Wright's opinion would not be supported by the actual factual evidence. I cannot resist pointing out that the Association of Canadian Advertisers, which I understood was made up of about 120 of the larger firms in Canada, according to Mr. Wright supported the idea of the CBC continuing to be the regulatory body, but under Mr. Henderson's definition they are made out to





be a socialist, collectivist body. I think you have suggestions from some other witnesses along the same lines -- "Just open a station in Toronto and you will see a wonderful outflow of live television production, live talent and jobs for writers and musicians", and so on. We ask you to look at this thing pretty coldly. We are not suggesting that private stations or advertisers are not good Canadians; we know a lot of them are good Canadians. They are business men and they have to face the facts of business life, so we ask you, as much as possible, to look at the facts as they are. For instance, you would expect that radio would provide some indication of what might happen in television. In other words, supposing the CBC had the only station in Toronto and the question were to add another private station in Toronto: well, what would happen? That has been the situation in radio for many years. In Toronto and Montreal there have been several very vigorous, financially successful private stations. Then you would expect to find the picture that has been painted by people who try to predict what would happen if there were alternate stations in Toronto. We hope the Commission when it is looking at its survey of programming will look at the actual studio production that could be called talent in a fairly wide sense -- artistic talent -- on the Toronto and Montreal private stations. You will find some, particularly



in Montreal. As we have always said, there tends to be much more live production in French Canada than in English Canada. If you look at the English language stations in Toronto and Montreal you will find some very interesting live shows. Station CFRB, with which Mr. Sedgwick has been long associated, has through the years done a lot of interesting live work, and if you look at the figures I think you will find perhaps around 2, 3 or 4 per cent of the time was devoted to something that could be called artistic talent, using Canadian musicians or artists or writers. I am not speaking of news which is, of course, live, or the reporting of community activities. I am not criticizing these stations. I am suggesting you look at the facts to see the amount of production of a kind I think Mr. Wright was suggesting does go on regularly.

THE CHAIRMAN: Unfortunately we don't know how much, but we are going to have something on this from our programme analysis that is in the course of preparation at the moment. It is unfortunate we haven't got it here today so that I would be able to confront you with it as proof that you were either right or wrong, but this is something the Commission is endeavouring to do -- to find out what the experience has been in radio in terms of actual live production, and your point now is that if we find that the





economics of radio apparently haven't led to much live production, in the sense you have used that phrase, that this is something from which we could make some forecast as far as what kind of live production will be done on television.

MR. DUNTON: That is what we suggest, particularly since, of course, production on radio is much more simple than on television, and we feel the differentials of imported over Canadian are far greater on television than on radio, and therefore we think any tendencies evidenced in radio will be far stronger in television.

We understand you are going to the United States next week, and we thought you may perhaps there ask questions about the amount of production that goes on -- live production of an artistic or talent kind in large American cities comparable to the size of Toronto or English-speaking Montreal. We think you will find that in American cities of that kind there is quite a bit of what you might call community television -- the sort of thing done by the private stations in Canada. We don't think you will find very much in terms of studio productions in talent and creative kind of work. We suggest that the economic factors working in large American cities, outside of New York and Hollywood, are about the same as



those in, say, Toronto. The business factors, we suggest are just about the same though, of course, a station or even the advertisers may have policies and Canadian reasons and may want to do, and tend to do, a bit more of the Canadian things. We would also suggest you may in particular want to take a look at what is produced by the Hamilton television station. Our memories go back to the time before there was a television license for Hamilton, and then there was a great deal of publicity about what would happen if a television station were allowed in Hamilton. It was pointed out this station would be covering a great number of Canadians, quite a very big market, and it would be very close to the English language talent pool of Toronto, and it would provide a wonderful new outlet for Canadian acting and music and writing talent in television. There was an article in the Canadian National magazine about it, and a number of suggestions made publicly -- not necessarily by the applicants -- about the development of production which would come from this station. That station has very big financial backing from large interests, and has a very able operator, an operator whom we know personally is, himself, very interested and very keen on developing Canadian production. I think he very much wanted to do it, and he expected to be able



to do quite a lot, and tried very hard to do it but I think if you look at what the Hamilton television has been producing last winter or recently you will find again, apart from the network and syndicated film material, some very useful community broadcasting, and I think you will find a bit of talent, but you won't find much of the sort of thing Mr. Wright and Mr. Stirling were talking about. According to me, nobody said before the station went on the air, it should have been in a fine position, naturally, to produce a lot of real Canadian production. We are casting no blame on anybody, because we think we know the economic factors, and that they work enormously strongly against production. We would ask you to look at the actual position as it is in television now affecting production. Here again I would like to get away from potential, but I must refer to a CARTB statement in supplement No. 17, which is Exhibit No. 313, on page 2: "The principal reason that advertisers have not produced live television programmes outside Corporation facilities is simply because CBC policy has not permitted such enterprise. The CBC's television policy from the outset has been to produce all network television programmes itself. Advertisers wishing a network programme must purchase a product the CBC offers." That is just completely and absolutely wrong. The CBC has made it perfectly clear from the beginning





that it is glad to welcome and consider anything  
Canadian that is offered to it.



It does, as you know, consider and accept a great deal of material of advertisers outside of Canada, and is perfectly healthy and would be delighted to take material produced by someone else in Canada on a business basis. We would go further than that and say, naturally always if it is suitable material, we have to take the responsibility in deciding, as any station or broadcasting company has to, but we would only be too happy if an advertiser or anyone were to find us a good programme. It is not a question of finding time; we would be delighted to throw off an important programme and put that one on the air. We would be delighted to do that. What is more, we made that pretty plain. We have gone further. We are on public record that we would do more than that. We would not only be glad to welcome, we will consider participating in the financing of programme material produced outside of the CBC facilities. Specifically, I am referring to a speech by myself to the Film Producers Association, and it was not a promise; you cannot make a promise in advance, but an undertaking that we would, at least, consider favourably participating in such a project, and the CBC would assume some share of the financing of the programmes produced on films outside of our facilities. In other words, we would consider from an operating point of view such production, on the same basis as a live production, in any studio. In other words, if it is feasible and desirable we would certainly consider paying the producer of such a





series less than we could get from a sponsor for the rentals, what the sponsors seem able to pay, which we explained to you, if we thought it was in the public interest.

MR. COYNE: Do you now pay more?

MR. DUNTON: Yes, pay more. I am sorry. I think it has been suggested again, some people suggest the CBC is always stopping something when it comes to doing something, and then the same people suggest the CBC should do it. For instance, the CBC should show enterprise and get shows produced on films for export, and in that way recover some of the amount of the cost from the export. The CBC realizes fully the effect of such deals, and, what is more, it has not only been considered, we have been doing it. One witness, I think, suggested The Last of the Mohicans was a fine piece of initiative. The Last of the Mohicans is going ahead. We have been given to understand our participating in the finance -- the CBC is participating in the financing of The Last of the Mohicans series, and in return for its commitment will get the Canadian broadcasting rights for the series and also their television share of the proceeds of distribution. To some extent we are taking the responsibility and risking some public money in this enterprise. I do not think it is a film enterprise that will interpret Canada to itself or to the world, but we hope it will be a pretty lively film series on the North American theme before there was a Canada and United States



separately, but above all, it is a new experience. It is a lot of work for a lot of Canadian actors and technicians outside of the CBC, and they, as well as the CBC, will get experience in this type of production. It is a useful forward step.

I think another witness suggested that Canadian children get to know an awful lot about Texas rangers and the U.S. marshals, and they should know more about the R.C.M.P. Our management has had it under consideration for some time to try and get a film producing company in Canada, and negotiations have been going ahead for some time, and they are pretty close to financing that programme series on film about the R.C.M.P. I am not sure at this stage whether we can go ahead or not, but on the same basis we are risking public money and we would get Canadian rights and a possibility of a good return of their television share.

On the French management side there are some very pretty enterprising film people who had some programmes done on film for CBC production but using facilities of film companies. Some of these things, and particularly the new ones, I guess would be candidates for possible export to French-language markets. We don't know whether they will be in that form.

THE CHAIRMAN: I may be repeating myself, but is there anything today in the way of a group of eight or ten private television stations getting together in the production of Canadian films to be able to show it on their television stations at



the same time or at different times?

MR. DUNTON: Nothing at all. It would not be an easy thing for them to do because of the economic factors, but there is nothing legal to stop them, and we would like to see it happen. It would be a good enterprise.

COMMISSIONER STEWART: I understand from your previous testimony about the only prohibition there is, as far as you are concerned, is the fact that you will not grant studio facilities to outside parties to produce a television programme?

MR. DUNTON: Perhaps we could explain that a little further -- Mr. Ouimet can explain it more if he wishes; it is not just a question of facilities being jammed up. There is not only the work by management that has to be done, but there is so much teamwork necessary and certainly at this stage of development we could not afford to have outsiders come in and work with closely integrated teams. Did you want anything more?

COMMISSIONER STEWART: No. This was just prompted by your statements.

MR. DUNTON: We are not prepared to have outsiders come into our facilities and direct our CBC staff. Of course, there is the factor that we are responsible for public money, and in addition the advertiser is putting in money.

MR. COYNE: In point of fact, the NBC have adopted a contrary point of view of the use of their facilities.

MR. DUNTON: To what extent?





MR. COYNE: Am I right, they do permit the use of their facilities by outside agencies?

MR. DUNTON: It will vary, and actually I think you will find a number of the most popular and best known television shows on television in the last few years have been house productions produced under the same facilities as the rest of the network productions, and under network direction, and the network is the liaison with the sponsor. Perhaps it should be explained a little more that we do give consideration to the views of the advertisers here. I think their record is pretty well the same as it is here. In addition, in some cases they provide facilities for production, but whether or not they will be directed by agency people or outsiders -- and in addition there are quite independent producing means, producing on film, and in some cases live, and the network accepts the responsibility.

MR. OUIMET: I have the impression that recently there has been more of a difference between the two policies. I saw some statistics of NBC production recently for the Senate Committee on Networks, and they were making the point there that they were allowing many of the sponsors to come in and produce shows, and the figures they were giving -- I don't remember them now, I remember my impression, and it was the number of productions they were making was much lower than what it had been for, say, two or three years ago. I don't think this is the same kind of case. In the case of CBS I think they produce more of their



own shows. Mind you, we must bring into this picture a further consideration and that is that CBS, and I think to some extent NBC also, encouraged the formation of some company who became the producer of a particular property, so you have something like the Jackie Gleason Enterprises, the Lucy -- something -- production, and the Robert Montgomery Presents, and these companies are tied with the network. There is some tie there; I don't know to what extent the network controls the company, actually, but there is certainly a measure of interests and a measure of control between the company and the private company. The private companies have different little productions.

Now, in these cases I don't know whether they count those productions as a network production or as a sponsored production. That I don't know.

MR. DUNTON: Just to add to that. I don't want to talk about other people's business, but I think you might find their policy in that respect affected by things going on in Washington.

THE CHAIRMAN: I think that is frequently the case, but, at any rate, in connection with the use of your facilities for outside production, am I right in concluding from what you are saying you are not excluding for the purpose of preventing outside production, you are simply saying we are using our rather limited producing facilities to the full and we don't see how we can fit them into our existing production programme and hand over studios and staff and so on to outside control. Is that a fair summary?





MR. DUNTON: That is right. I think someone suggested to you when we are doing a Canadian production we should let the outside producer come in, but we don't think we can have an outsider come in to handle complicated crews and a very tight complicated kind of organization, which the CBC has.

MR. OUIMET: And, at the same time, that measure of responsibility that we have over such productions. In other words, in the long run we are responsible for anything that goes over our network and these facilities that we have must be used as efficiently as possible. We are short of them and it is very difficult to take some of the stations where you would be renting them out to somebody else to do a production for us to carry on our networks.

THE CHAIRMAN: May I put it this way? If you suddenly found yourself a lot of brand new producing facilities with some surplus capacity, would you have any policy objection to renting them out if there was revenue to be obtained from them?

MR. DUNTON: I would say there wouldn't be any policy objection if the cost were well covered.

MR. OUIMET: I think this is an important thing -- that we should recover our full cost.

MR. DUNTON: To sum this up, we are just trying to say we don't think we are doing anything to stop live production, we are trying to encourage it in every way, but we just point out the inexorable economic facts tending to work against such production in this country and to work against the purely



advertising considerations.

MR. de GRANDPRE: Did you say they would have to recover -- that it was a condition they would have to recover their full cost?

MR. OUMET: I didn't say ~~sine qua non~~ <sup>con</sup> but I think it is a very important consideration we should recover our full cost. I cannot say what advantage there would be in turning over a staff of, say, fifty or seventy-five, or even more people of the CBC to an outside producer coming along and taking over the staff, the facilities, to produce a programme that has to fit into our schedule and at the same time the sponsors pay, as they do now, maybe sixty or seventy per cent of the cost of that production. I don't see what advantage there is in this. We take it for granted this particular producer has particular qualifications that the producers that we may have would not possess themselves. This means turning over not only a studio, not only the physical facilities, but it is turning over a whole organization for production purposes. Not only the people engaged in the production and the operation in the studio itself, but all our shops, designs, scenery for the artists, the planning behind it, because the producer alone is only one man and the whole team may actually in effect turn out to be two hundred people.



MR. de GRANDPRE: Yes, but I think I am right in saying that in several CBC productions today you do not recover your full cost; you recover a certain part of your cost up to 50 per cent, 60 per cent, 75 per cent of your cost?

MR. OUIMET: This is correct.

MR. de GRANDPRE: Well, the point I want to raise is this, if at present you are only recovering a proportion of your cost there is some advantage, in my opinion, to recovering a higher percentage of your cost by renting your facilities to an independent producer without recovering your full cost? If, instead of recovering only 65 per cent of your cost by renting your facilities you are in a position to recoup 90 per cent of your costs, then would you think that there is an advantage in doing it?

MR. DUNTON: I think you are talking about a situation I do not see ever coming, when we would have a surplus of production facilities. I would say if that ever did arise, and the suggestion of the Chairman was carried forward, my suggestion would be that they make full charge to the producers for the facilities and all the staff, and if there is going to be a discounting of charge, make the charge for the facilities first and you know where you stand.

MR. OUIMET: I was going to say the same thing; this is more or less a hypothetical question at this stage of the game.

MR. DUNTON: I just want to go on and repeat again what we tried to say in April and May,





Mr. Chairman, that although some people may not believe it, we are not necessarily against alternate stations. We fully realize most people would like to have a choice of television stations. What we try to point out in our submission is what we thought was some of the inevitable effects of the whole system on such stations, and to put it briefly we do not see any effects that could not be fixed up by more money. That is a rather crude way to put it, but we find it impossible to estimate exactly in monetary terms what the effects would be, we just know they would be there and we wish you to know that we think they will be there.

THE CHAIRMAN: Are you going on to discuss something more about this business of alternate stations or are you leaving this?

MR. DUNTON: No, I would say two or three things about it and that will be all in this connection. I think there will be an effect in such stations that has not been brought to your attention, and perhaps I could explain it this way, by asking you to imagine that your big Canadian advertiser who is interested in reaching, say, roughly, the whole Canadian national English-speaking market, and your big advertiser is not interested in spot announcements but rather associating a name with a programme. At the present time there are roughly two ways of doing it: one is by way of buying CBC time on the network, either for an imported programme or associating their name with a Canadian programme, but the other alternative is to get the



rights to an imported film programme and to distribute that to individual stations across the country. Both these methods are being used, as I think you are aware. There are quite a number of advertisers who get pretty well national coverage by having what is known as spot programmes -- programmes put on an individual basis on stations right across the country, including the CBC stations in Vancouver, Winnipeg, Toronto and so on. One thing that we know will happen when there are more stations -- first, in general, that second way, the use of imported films tends to be cheaper because he could usually get the rights to do a programme that will do the advertising job they want to do cheaper than you could by getting your name associated with a Canadian live programme comparable to the American programme. Therefore, our commercial people find that more advertisers are interested in using imported programmes on a spot basis than the more expensive way of using the national network in association with a Canadian programme -- the effect, I think we told you before in May. There are advertisers waiting to get on the stations in Toronto and Winnipeg with imported spot programmes; there is no waiting list, certainly nothing much, in the way of advertisers who appear very interested in getting on with live programmes. So, if second stations are established in these areas a very wide, new opportunity opens up for advertisers to get national coverage with imported programmes used on a spot basis. From a business point of view that is naturally





attractive to the advertisers. It will also tend, I think, to bring about or to bring more business to the private stations outside Toronto and Vancouver. I think it is probably right that some advertiser being discouraged from using national spot programming may, because as you have been told, our stations in Toronto, Vancouver and Winnipeg are pretty well full, there will be a new opportunity for coverage by national spot imported programmes. The tendency, we know, will be for more advertisers to use that method of reaching the public.

One of the side effects of this will be to bring more business associated with imported programming onto the other television stations in the country, and, as you know, that is a very remunerative kind of business because there are not cuts to American networks and so on associated with it. It will tend to increase the desirability for those stations to not carry network programmes and carry these national sets of programmes, always remembering we have authority to make things carry, but pressures also have some effect.

We would also like to remind you, in this consideration of this subject, of the matter we put forward in April and May, and I do not think I got very far with the argument, but I am trying to repeat it very briefly. It seems to me the different reasons given for the establishment of second stations around Toronto is that it is a good thing for the people, the members of the public, who have a chance to use the CBC station and private



stations, and we say, and applying exactly the same argument in Toronto as in Edmonton, in the same way it would be desirable for the people of Edmonton to have a choice of listening to a CBC station or a private station. We do not say the one follows on the other. If you take the premise that there is a second station in Toronto, the conclusion is there should be another one in Edmonton; we do say the facts are parallel, and if we do have two stations in the one case we should provide two kinds of stations in the other case.

THE CHAIRMAN: This is again a station matter; there is the alternative choice of programmes, that is what matters, and it cannot matter very much to an individual viewer in television to say, "Well, I have the CBC station in existence at the moment and I would like to have a private station". Surely he does not care whether it is private or CBC or what it is?

MR. DUNTON: According to some of the surveys you have it does.

THE CHAIRMAN: This may be so. But you have said enough about surveys, I think. The point that has been put to us is that the people want a choice. Now, if the Toronto station is carrying a CBC national television service on its CBC station, the people of Toronto have the opportunity to view that particular programme. That same programme is carried on the London station, which is a privately-owned station, and the people of London have a chance to see it. Then, the creation of the second station



would give them another programme; it does not matter whether it is a CBC owned station or whether it is a privately owned station.

MR. DUNTON: I would suggest that in practice, in fact, through the years it would make some difference. Taking the example of Edmonton, apart from the authority, the CBC may continue to produce or no; we say there will be an increasing economic pressure on a station in a city like that to take other programming, other than the CBC. So, from a practical point of view, let us say London -- there is no second channel there. From a programming point of view it would make it more reasonable that they have a CBC station in one of these other areas which would be carrying the national service without any pressures, and carry some marginal programmes in that service and make some money in doing it.

THE CHAIRMAN: Is that merely saying you find it easier to make your own station carry national television programmes than you do to make private stations carry them?

MR. DUNTON: Putting it roughly, that is it, yes.

THE CHAIRMAN: All that amounts to is, you are not anxious to do it with the authority you have, or you are avoiding it?

MR. DUNTON: That is what I say, we have authority to have it done but in that kind of practice you get this kind of operation. One last thing on this subject: we would draw your attention to one or two suggestions or thoughts we have about





alternate stations in Toronto, Vancouver and Winnipeg, particularly. If they are to be licensed, we have heard quite a lot of talk about freedom of enterprise in this case, but let us look at the station in Toronto; in our view that is going to be one of the richest plums that has been a public gift for a long time. Whoever decides it, of course, there will be quite a few different organizations fighting to get that very special privilege, and I think whoever does get it, if it is possible to grant it, will just be the effects of things done, put in the position of holding the position after making the investment, for quite a long time. There is going to be quite a good deal of freedom, I suppose, in regulations -- that should be faced -- for the person who gets that privilege. There is not going to be any freedom for all those who want it and do not get it. We just urge the Commission to give a little consideration to this matter. We want to put forward one or two ideas in our main memorandum which raises the same things. I say that the CBC should own the station and rent out the time and production facilities to people who would like to pay for them, perhaps something on the ITA way. The way it works in that, it will be more practical for the public body to own the production facilities and staff and save duplication and investment of production facilities.

A thing which was not mentioned there was a possibility of a body other than the CBC; the people want to make sure the CBC have not too



much overall control -- some other type of body, community owned, perhaps, a non-profit body on a community basis which would try to operate efficiently and effectively and which would see that the proceeds went back into live production. As we suggest -- I am not sure it could be worked out -- but in that way at least you would avoid a situation where an applicant would get this very great privilege and a number of other parties would not get it. That is all we have to say on this general question of what we call economics and of alternate stations.

THE CHAIRMAN: Well, we might have a number of questions on it, but I have a few I would like to start off with, and I may be approaching some of the material you have covered and it will require repetition of what you have already said.

-

-

-





But going back, I take it that the single channel policy for television was a Government decision?

MR. DUNTON: Yes.

MR. COMMISSIONER STEWART: On the recommendation of the CBC?

MR. DUNTON: I think we put forward the factors as we saw them pretty clearly, to the Government.

THE CHAIRMAN: Now, at any rate, in order to get television started, this policy was adopted -- the single channel policy. At the time you said you wanted to get up to 75% coverage geographically and to get it all across the country. That has been accomplished, has it? That part?

MR. DUNTON: The coverage, yes.

THE CHAIRMAN: Yes, now are we or are we not reaching a point where this policy of single channel coverage should be examined. Well, of course, I think we must re-examine it because it has been put before us, but from the standpoint of the original intent, has it been accomplished or are we getting to a point where we should move on to something else or, to put it in another way, the degree to which an extension of the present television coverage could practically be done is limited. You may go up a little from your 80% -- we will come



to that later -- but the problem of getting television to every last single soul in Canada is very expensive, is it not?

MR. DUNTON: Yes.

THE CHAIRMAN: So that if television is to grow in Canada it may have to be done by intensive development. Now, where can there be second television stations as a practical matter in Canada in the immediate future, if the single channel policy were to be abandoned?

MR. DUNTON: If you are thinking of the pure economics of possible income and expenditure and not necessarily relating your question to say the provisions or regulations that might be directed as to how much live Canadian programming those stations did, I think our list of cases would be wider than the one you mentioned two or three times. I think you suggested there might be stations in possibly, Winnipeg and Vancouver -- I am recalling two witnesses who appeared before you.

THE CHAIRMAN: Vancouver, and Montreal also.

MR. DUNTON: Yes. Well, we would guess on the pure basis of income and outgoing and not the other factors, that there are several others, at least Edmonton, Calgary, possibly Regina, and before very



long, if not now. Things are going ahead very fast out there. It is also very likely in Southern Ontario except that there are no VHF channels available under the present arrangements in the heavily populated areas of Southern Ontario, say between Hamilton and Windsor. With respect to the Maritime cities I think they would have to be considered and studied in very much greater detail.

THE CHAIRMAN: Well, whatever it is -- I think we have had practical presentations from Vancouver, Toronto, Winnipeg and Montreal ---, these being places where, if the existing policy were changed tomorrow, there would be immediate applications for licenses -- probably an embarrassing number of them from each of these places. These particular places, even added to the other ones you have suggested, would not make much of a network, would they?

MR. DUNTON: They would be very well spaced -- a far distance. They would cover quite a large part of the English-speaking population, but they would be a long way separated from each other.

THE CHAIRMAN: Yes, well you at the present time are in all these places -- the CBC. You are there either directly or indirectly through the present tie-up





of the private stations who are part of the national television networks?

MR. DUNTON: Yes.

THE CHAIRMAN: So that as far as getting the national programme service out, you are covering that area?

MR. DUNTON: Yes.

THE CHAIRMAN: Now, do you contemplate if second stations come into existence, that they should be entitled to expect any supply of programming from the CBC?

MR. DUNTON: I would like to remind you of what we tried to convey in our main memorandum before. That is, and I am trying to say now, that we are not against this, we try to be for things. We would like to see the development of alternate television in areas where they can be supported on a reasonable economic basis, but we think that if they are to have any really substantial amount of Canadian programming on these stations, that the national system should be under an obligation to supply some support to these stations.

THE CHAIRMAN: Well, that is the point I am coming to. If you are to supply programmes to these stations, it means that you would have to in large measure produce virtually double the programming you are now?



MR. DUNTON: We didn't actually think in those terms. I think we mentioned we have thought more of supplying, not as much as on the present service, but one hour or one and a half hours less, perhaps even less than that. So that, there is some element of wide Canadian programming on those stations.

THE CHAIRMAN: That is the point. You are accomplishing the idea of Canadian programming, Canadian content, Canadianism, or call it what you like by this supply of your existing national television service to the national networks, is that correct?

MR. DUNTON: Yes, we would like to be doing it better than we are, but it has been done to some extent.

THE CHAIRMAN: Yes, but at least to the extent you have been able to do it, you are supplying this Canadian content through the provision of programming. Now, if you have second stations available, you could do it in the same way by supplying programmes to the second stations at some considerable cost. Is there any other way? What I am trying to get at is something along this line although I have come to no conclusions at all, if the time has come, for the sake of argument, to take the lid off the single channel policy, and I suppose if you read the history of how it came about,





it was only intended to be a temporary policy anyway, and only stated as such, but the time may come, whether now or later, and is it possible that you will continue your existing national networks in the sense of getting it to the people and having opportunities provided to people all across Canada to hear CBC television programmes. Then when the new stations start up, is it possible to put in by regulation, a requirement that certain kinds of performance will be required as a condition of the license, or by some other regulation? In other words, could you have a special set of regulations for the second stations as to performance? Could you give to the people who apply, -- and I will be the first person to insist that if this were to be done the regulations ought to be put into existence before the license is granted, so that nobody is given an apparently wide open privilege and then having it clipped back by regulation, -- but if you are doing it in the one case by supplying programmes, could you do it in the other case by creating regulations?

MR. DUNTON: I think something can be done or could be done in the way of regulation, and we would agree with you that whatever regulations there are should



be known to the applicants before they apply. I think from the things we were saying yesterday you would see that we do not think it would be easy to work out provisions because of the difficulties of definitions and going beyond that, I think I heard Mr. Coyne questioning another witness about this matter on the fact that you cannot put obligations on stations which they cannot financially carry out.

THE CHAIRMAN: Well, for the moment I will leave that out. We are in a situation today where there is a lot of questioning on the desirability of abandoning the single channel policy. Sooner or later we may have to face up to that abandonment. Would it be reasonable to say that the performance of the second stations should not be substantially different from the performance that is now given by the CBC national programme service?

MR. DUNTON: I think that would be going a bit far because while it is true that we have big national obligations, we do have a lot of money other than advertising, to carry that out. I have heard different witnesses who are supporting this view before you, although I don't think they put it in quite the terms you use, but I think some said "oh, it would be quite



all right if they were required to carry some amount of CBC programming " -- which is not necessarily the same performance, but the same amount of time.

THE CHAIRMAN: That was the kind of thing I was really thinking about.

MR. DUNTON: That would be I imagine, the kind of provision that could be applied. With a provision like that, I think you would have right away, a question of a provision applied during the important evening hours as well as during the daytime hours. In other words, if the station did not nominally fill that percentage, by running a commentator for an hour or two in the afternoon or something -- I think it perhaps could be worked out, although I don't think it could be complete. At least I am suggesting that if there had to be evening hours and perhaps non-evening hours, a certain percentage of Canadian programming right away, does put the station under a certain restriction or limit.

MR. COMMISSIONER STEWART: It seems to me unless you did have something like that then there would be considerable discrimination against the first station that goes in there, which was carrying the CBC programmes against





the other one, on the basis of the earlier testimony, because you can buy films very cheaply and you can get hold of a whole lot of advertising at a time when the first station has to carry sustaining programmes from you.

MR. DUNTON: That is the kind of consideration that has been brought up.

MR. COMMISSIONER STEWART: Well, that would be the effect, would it not?

MR. DUNTON: I think it was brought up by some private station witnesses. It was mentioned that there might be a situation in which two private stations in the same area, one of them having obligations to the national service, which included carrying some sustaining programmes, particularly those which may not have the kind of content to get the larger audiences although they are useful, but are not, thinking in commercial terms, very good programmes -- As you say the other station is not carrying any national service and, therefore, in commercial terms would have a competitive advantage because it has no such obligations. This is one reason that I was suggesting that in the areas where there was to be a second station and where there was already one private station, it was more reasonable that the new station



be a CBC station rather than a second private one. Then, the one private station has the lack of obligation to the national service.

THE CHAIRMAN: Is there any alternative to some form of regulation, however difficult it may be, for second stations to be opened up, or second licenses to be allowed? You have painted very vividly the situation if you don't have regulations which would probably be so subject to the force of economics that there would be a series of imported and filmed programmes.

MR. DUNTON: With some community programmes.

THE CHAIRMAN: With some community programmes -- and that would be about it.

We have been faced with the necessity of examining when this is going to happen, if at all, if you don't want things to be left wide open and then go back later -- but is there any alternative to this type of regulation?

- - - -





MR. DUNTON: Mr. Chairman, we are in some respects in agreement with Mr. Estey. We think Canada is likely to develop very greatly in the next ten years. To sum it up, we think the ideal thing would be a combination of some form of regulation plus the concept that this new station is part of a national service, and the national service has some sound financial means, at least now or in the future, to ensure in a positive way, and not just by regulation -- in a positive way -- that these other stations carry on producing some substantial Canadian content -- not a large amount, but some. In other words, we can see -- and it depends on your financial recommendations and decisions taken by parliament on them -- by looking ahead five or ten years the beginning of a real alternate service in a number of parts of Canada, the alternate services consisting of a good deal of programming acquired by second stations -- some Canadian programming of real value, some lighter and some more solid. We are for good viewing and a choice of viewing wherever possible. We would like not only that there be negative steps to stop the possibility of such second stations not using Canadian talent, but also positive steps towards the wider choice of viewing including the wider use of Canadian-produced material.

THE CHAIRMAN: If you agree with Mr. Estey



that Canada is growing rapidly, then whatever policy is decided now is going to have effect for some years and, therefore, do we need to consider the present economics of the second station? Should we not say, "Here are the terms under which it can be done, and if you can meet those terms, fine, go to it; if you can't meet them now, well, when the country is richer and there are more advertising dollars around, and things are going to be a little better in terms of audience and wealth in this country, then perhaps the time will come when somebody can meet those terms."

MR. DUNTON: You may do it that way, but our feeling is that no matter how fast Canada goes ahead, the United States is going ahead, and the same differentials will apply; the same relative advantage of importing over producing, in spite of the commercial possibilities in Canada.

THE CHAIRMAN: That may be, as far as an uncontrolled situation is concerned, but if you put your controls in and require a certain quantity of domestic content, if that cannot be afforded today when we have 16 million people, perhaps it can be afforded tomorrow when we have 20 million people.

MR. DUNTON: That is quite possible, and if you take Mr. Wright's glowing picture he would, speaking on behalf of the advertisers, be prepared to produce, and see with strict limitations



the minima of the amount of Canadian material, then let somebody go ahead on that basis.

COMMISSION STEWART: In this same vein it has been put to us on numerous occasions that some control should be exercised by the use of tariffs on imported programmes: could it be done that way? Have you any thought on that subject? Because it has come up on a number of occasions before us?

MR. DUNTON: It sounds like I am repeating the same thing too often, but we tend to favour positive action in this broadcasting field in Canada, rather than negative. We feel tariffs on materials, or based on the original cost of a performance, would, among other things, tend inevitably to raise the cost of operation to the Canadian broadcasting as a whole -- CBC, private broadcasters and advertisers -- and we think Canadians are going to continue to watch a good deal of imported material. The public, in the end, pays. We suggest that Canada has decided so far to pay to have positive things done, and not to make things more expensive. So, we tend to favour more positive action for producing things rather than limiting the imports and making them more expensive.

COMMISSIONER TURCOTTE: You suggest, Mr. Dunton, in the case of a single channel policy, that the second station in any particular city





should be of the type different from the one already existing. In other words, in a city where there is a private station, the second license should go to the CBC, and vice versa. The result, in any event, would be that in all those cities where there are two stations, CBC will, of course, carry only its own programmes, and is in a position to do so, and the private operator, being free, would all day long broadcast only private programmes. Would that be a disadvantage to the CBC, and is there a possible way, either by regulation or otherwise, of sort of bringing in that second private station in a particular city to bear a part of the load of CBC by carrying some CBC programmes at a time when CBC itself is allowed to carry commercial programmes to make a little money for itself? In other words, to share the load of giving a national service throughout the country, and not allow CBC to do it all by itself? Your private stations otherwise would be completely free from there on to make as much money as they can.

MR. DUNTON: It is a possibility. I think it was perhaps a possibility raised by some of the private stations -- speaking about the London station. It might be illustrated: if there were a second station in Toronto, the CBC may say, "You carry Citizen's Forum for a while, and we will carry --"

COMMISSIONER TURCOTTE: That is what



I had in mind.

MR. DUNTON: "... and the CBC will keep on with Press Conference". Both of these are not great audience programmes. It is a possibility, but it would take some shuffling around.

COMMISSIONER TURCOTTE: Well, say fifty-fifty -- it isn't absolutely impossible if you plan for six months ahead. You know you have Press Conference every week and Citizen's Forum, and it could be determined beforehand that the other station must on a certain evening carry that programme and you would be free to carry on a light programme to bring in some returns, and you would both be sharing the burden.

MR. DUNTON: I think it is a possibility, but I think it would really come to what our suggestion has been, that the national service provides some programmes to that second station, and in a broad way that comes to the same thing, because in those programmes we hope there will be the light ones with the large audience, and the others with not such large audiences. I think your suggestion would come to just about the same as ours.

THE CHAIRMAN: Except for this, that Mr. Turcotte's suggestion, I think, starts from the concept that you have a certain national television programme; you determine what you can afford to do in terms of national programming, and you get it out to the people of Canada, and





when you have done that you have done your job in terms of national programmes. You have some time left over and you use it to try to reduce the costs of this overall operation by good, sound commercial efforts as you did in radio. Now, on Mr. Turcotte's suggestion you have the same programme that you have at the moment, but you would split it between two stations and programme it so that the people, who, after all, are the main concern, would always be able to hear the national programme.

COMMISSIONER TURCOTTE: Shifting from one station to the other doesn't matter, and in the meantime you are sharing the profits.

MR. DUNTON: If there are second stations we would like to see a rather larger national service available than the present one. It comes down to a matter of the size of what you define as "national service".

THE CHAIRMAN: But you have got limitations on that because if you have a larger national service which you were able to get out through the facilities of two stations in Toronto you would then be spending public money to give a better service to the citizens of Toronto than you give to the citizens of London.

MR. DUNTON: That could happen, yes. I don't see how it is escapable in areas where



there is only one station.

THE CHAIRMAN: Let us assume you have reached, as far as your present service is concerned, the practical limit of content in the national programme for, let us say, London: you have got to leave the balance of the time so that the London station can make a success of its operation commercially. So, there is your limit imposed on the national service so far as London is concerned. Have you any right to give the citizens of Toronto a greater sum total of national service, either directly or indirectly through the other stations, than you give to the citizens of London, using only one?

MR. DUNTON: I think it is a very good point, but we see this thing growing, and having great possibilities of growth. We think that, so that by the time you have got over the economics you may have second stations covering on the English-speaking side a good deal more than the majority of the people. There can never be complete equity in those things. There may be some expenditure of public money; we are not suggesting an awful lot. Some people are going to have a choice and others not. Those who do have a choice will see that it includes some extra Canadian things, even though it doesn't get to the whole public. Perhaps two-thirds of the public will have the advantage of this certain extra amount. They are going to have the benefit of two services against one.



THE CHAIRMAN: I think that is true. But I think the question comes down to whether or not you are entitled to give them this choice at additional public expense.

MR. DUNTON: That is something we would think in practical terms, through the years, would be desirable and we hope the choice would grow. Some Canadians get no television service and in time we hope they will get some and for those Canadians who get television service we hope in time they will get more of a desirable choice and from a practical point of view, to put it in a positive way, that there will be some pretty good Canadian stuff.

COMMISSIONER STEWART: Say you get to the point where you are broadcasting to the full effect of the hours of the day over CBC, do you intend making more programmes or make them available through a second station? In other words, you are going to ask the public to pay more money in order to reduce the profits of the private stations?

MR. DUNTON: I wouldn't put it that way.

COMMISSIONER STEWART: But that is a fact.

MR. COYNE: Isn't it a question, in effect, all the private stations whose money is going to be spent to perform this service of Canadianization you say, first of all, a second station in Toronto is going to be a "rich plum". Secondly, the way you see it, of ensuring that station carries





out certain functions of a general public nature, or national nature, is that you will produce programmes say, an hour or an hour and a half, and require it to carry them for that hour or an hour and a half a day. Now that seemed to me to indicate the private operator of the second station gets all the riches and the party not doing this national public service which is derived by public funds through production of the CBC, is it the question really how do you ensure the possessor of this rich plum using some of that richness to carry out these national or public functions?

MR. DUNTON: In saying that we were not withdrawing from the suggestion made by you and the Chairman of possible restrictions or limitations or standards of these stations. I think what we were saying, was more in respect of what standards you put on on an economic basis. We think they will simply be unable to do any large amount of Canadian talent production.

MR. COYNE: You mean they may be rich but not that rich?

MR. DUNTON: I didn't mean to say rich. We don't think it can be financially very rich. If you have these extra facilities in the country developing through the years, not just Toronto but other areas, it would be worth while making some public effort and using some public funds to



ensure that would be achieved in those stations that there is an extra amount, if you like, of Canadian content. In other words, it is not only a good approach but a positive approach.

MR. COYNE: What would you think of this sort of thing as a practical matter, say, requiring any second station to spend X percentage of its gross revenue on Canadian production -- 20 per cent, 25 per cent, 30 per cent and that would automatically adjust itself for different areas because the metropolitan areas have a larger amount of gross revenue than a small community.

MR. DUNTON: I heard one witness pleading very hard for a second station and he said it might even require them to spend 5 per cent of their gross revenue.

MR. COYNE: I think someone did mention 5 per cent.

MR. DUNTON: Five per cent on live Canadian programme. Even though a station might have a large revenue with 5 per cent of its revenue I don't think you will be able to get a great deal of Canadian production of the kind we are talking about.

COMMISSIONER STEWART: First of all, you have to come down to what is Canadian production because I have an idea from some of the things that have come to us if it is a gramophone record they





don't care where it comes from or where it has been made as long as the announcer is a man in the Dominion of Canada so, I think, you have to come down to what is a Canadian production?

MR. DUNTON: I think that is an indication of the care that will have to be taken and the difficulty in writing out that definition.

COMMISSIONER STEWART: I would hate to have to write out that definition.

THE CHAIRMAN: When you talk about a large amount of Canadian content of programme, let us take the case of Toronto, as we are using that as an example, and a second television station is in existence there and it may very well be the economic situation of that station in Toronto permits them to produce a production such as the CBC are using with Canadian talent. And they might venture and do some of these things that are called the spectacular type of thing. But are there any other that are different but still very desirable forms of Canadian production that would create and would give an adequate opportunity for talent to be used in Canada that would end up with a different programme pattern than the one the CBC has and which would, in itself be desirable? I take it it wouldn't be a good thing to have an exact facsimile of the existing programme content in a second station. It would be better to have a variety.



And is this business of Canadian content necessary in terms of what you are producing and your use of Canadian talent?

MR. DUNTON: I don't think it is necessary at all. I think there might be a certain amount of development of the kind you suggest if there are fairly specific provisions about the Canadian programmes on a station. There may be some very ingenious lower cost type of suggestions. What is really involved, is the practical basis which we are expressing, and we expect this second station to be considered a part of a developing national system. I see the possibility of a station in Toronto with that kind of attitude producing a bright idea of a programme and using some talent and if it is going well they find a sponsor for their Toronto market but it would not cover the cost of production and they will lose the show and I can see it happening. With things working the way they do, the CBC may put a little money in the show and take it on the national network and see that it goes to Vancouver, Edmonton, Toronto and Montreal. I think in a case like that, perhaps, a very small use of public money and the cooperation would do a lot to develop Canadian talent using the ingenuity of the people who come into the field.

THE CHAIRMAN: You said new stations should be part of the Canadian television system? You make the existing stations part of that



system by supplying programmes to them. According to what I have been told by Mr. Coyne to some extent, and Mr. Turcotte too, these second stations would become part of the Canadian television system. Why regulation? From my thinking at this point they are part of the system but you do it in a different way. Just take the sort of thing that is in my mind and I hope no one will take any conclusion out of this because we haven't reached them, but could you not say to the second station, first of all, and I won't get all the points in but this will illustrate it, first of all, you have to do something about news. News is vital to broadcasting and you must have good news service and you must have certain news provisions. Secondly, you must provide X percentage of your time toward public discussion; whatever kind you like to make it, but it must be discussion of public events. Third, you will need to have a certain percentage of your time for a live musical or dramatic activity. And fourth, you cannot use more than Y percentage of imported films. And then, there would have to be another provision for imported live programmes, and within those limits, go to it. Would you not create a pretty good balance of programmes which would not be substantially dissimilar to what the CBC is doing today and if that is too tough a set of conditions for immediate use then this is a valuable channel and





it can wait for occupancy until it is possible.

MR. DUNTON: That approach is possible. There are all sorts of questions of the definition that come to mind but I think that kind of approach is possible. We still hope for a minimum, at least, of cooperation from the station.

THE CHAIRMAN: It might well be you in the CBC would seem to be, if not at the present time, seem to be in a position to produce some marginal cost programmes which you could provide to those stations at cost.

MR. DUNTON: And another possibility, is to take the programmes which they are producing --

THE CHAIRMAN: And give them a wider market.

MR. DUNTON: -- and give them a wider market on other stations.

THE CHAIRMAN: Exactly. But the over-riding thought in that kind of suggestion I am making to you, if there are to be second stations I cannot see how there can be any disagreement, their performances ought to be something that is not significantly poorer than something that is at present going on. If you start from there you can spell out what you mean by not being significantly poorer?

MR. DUNTON: We could try, but it wouldn't be easy to spell out.



THE CHAIRMAN: But what is the alternative?

MR. DUNTON: I don't suggest an alternative or I don't suggest restriction. We are just suggesting something positive.

COMMISSIONER TURCOTTE: Coming back to the idea I mentioned a few minutes ago do you think there is a technical obstacle in the way of doing this; that it would be difficult to share these programmes I suggested or is it just a matter that it would be desirable? Is there anything standing in the way of doing it? In other words, have a private outlet carry the programme you are producing. Technically is it possible?

MR. DUNTON: I think it would take a lot of working out. To ask a station to carry a programme of a public discussion --

COMMISSIONER TURCOTTE: They might not agree.

MR. DUNTON: But they may know that at some time we are going to have a lively entertainment programme and they are going to be happy to carry that.

THE CHAIRMAN: Something that occurs to me, if you take half your existing national service off the CBC station and replace it with successful commercial programmes and get the benefit of what Mr. Turcotte is talking about your programme pattern of the CBC is different to what it is today.





MR. DUNTON: It would be and some members of the public might have something to say about that.

COMMISSIONER TURCOTTE: You would have the same amount as today and with more stations there would be less load you would carry because when there are three stations you carry one-third and that would leave the rest of the time to make some money.

MR. DUNTON: It is possible but Mr. Young's division would have an awful lot of work to do.

THE CHAIRMAN: Going back to the original point and this may be a subject on which you may not wish to express an opinion and if so, say so, but we do have to face up to the question. Is it the time now for the abandonment of the single-channel policy?

MR. DUNTON: We would say subject to suggestions we have been making and subject to suggestions for provisions for those stations about the positive cooperation of the station as well as the restrictions on that, the time has come, and we would like to see it. We think the time has come for the CBC also to have second stations in the proper places.

THE CHAIRMAN: What legitimate interest is it of the CBC if you are already getting your national service out to that community?



MR. DUNTON: We know from experience that apart from the authority we have, especially looking at the years ahead, it will not only be easier but more national service will go out if we have actual transmitting facilities.



THE CHAIRMAN: Mr. Coyne, have you any more questions on this particular point?

MR. COYNE: Not on this particular point, no.

THE CHAIRMAN: Now, there are a number of questions to ask you, not about the second stations policy, about the extension of television generally both as to geography and as to hours; is this an appropriate time for us to deal with that or would you rather get into the finances first?

MR. DUNTON: I think it might be more useful, particularly Mr. Ouimet has something to say on this channel subject and it may help the discussion.

THE CHAIRMAN: That is what I thought might be the case. Well then, would you like to start on the third heading, although I cannot guarantee we will not come back to this.

MR. DUNTON: We will start if you wish, for my part I have only a few things to say and we could get started but perhaps we might adjourn and get started after lunch.

THE CHAIRMAN: Well, we have also some questions on radio.

MR. DUNTON: Well, Mr. Ouimet is all ready and perhaps he could start.

THE CHAIRMAN: Well, we could adjourn now and come back at two o'clock.

MR. DUNTON: Mr. Ouimet has something to say on management and I have a few remarks and





will try to get them in.

THE CHAIRMAN: All right, Mr. Ouimet.

MR. OUIMET: Mr. Chairman, before I speak on some of the financial aspects of television and also on certain of the aspects of management I would like, with your permission, to say something about CBC relations with its affiliates. I know the subject has been covered and if I touch on it again it is with some reluctance. I will try to be as brief as possible as Mr. Dunton has covered some of this but I think it is a fairly important subject and it can stand some further emphasis.

I should point out that as General Manager, as General Executive of the Corporation I am responsible to the Board for the operating activities of the Corporation, for the production, for the distribution and for the transmission of programmes. I have nothing to do with the license, recommending for license for stations, I have nothing to do with the making of general regulations although management provides to the Board the staff and the staff services that the Board may require in the exercise of its functions in this respect. Thus, anything I will say on relations of the Corporation with the private stations will be with regard to the role of the private stations as distributors or originators of programmes for the national network. It is not material to the general manager, to his responsibility, whether the private stations are allowed to carry five spots



or ten spots in any given interval except insofar as the CBC may have to follow the same regulation although generally in this respect I think we keep well within the limits -- we are not guided by these same limits.

THE CHAIRMAN: Just stopping there for a minute, Mr. Ouimet, if you keep well within the limits of, let us say, the spot advertising, does that mean you are really not seeking as much advertising as you would be allowed to carry?

MR. OUIMET: I would like to answer this way, take in radio we carry no spots at all so, therefore, we have a policy applying to the CBC which has been developed over the years or I suppose it has always been there which was drawn for the purpose of not taking anything away from the field of the private stations.

THE CHAIRMAN: Yes, that is on the local advertising front?

MR. OUIMET: I was speaking of local spots.

THE CHAIRMAN: You do carry national spot advertising on radio, do you not?

MR. OUIMET: No, this is a question of definition. Now, we will in radio or, more recently, we have a new programme called Assignment which is the result of discussions with our private affiliates where we are trying out a new sort of programme where it will have slots for advertising which will be local for the private affiliates to





carry and for some national spots also. But, when we talk about spots, to us there are many different types and I was speaking of the common spot.

THE CHAIRMAN: Which is mainly a local thing?

MR. OUMET: It is a spot announcement. Similarly my interests in licensing or the interests of management in licensing goes only as far as CBC operations may be committed to the feeding of programmes to a new license. I should point out to you also that my experience, my personal experience with private stations goes back only five years but that those five years cover the whole of the television development in Canada and that, therefore, my contacts in television have been close and frequent with the private stations. On the other hand, the radio policies and practice of the Corporation having been developed over the years and long ago, relations with our private radio affiliates have taken much less of the attention of the management recently although I do not see why there should be very much difference between the relations in the two media. Therefore, what I am about to say relates more to my personal experience recently or in the last five years with the TV affiliates. I would like to say that what strikes us most at the operating level is what appears to be a day and night difference between the attitude



of our affiliates and the attitude of the body that speaks for them. The attitude of our affiliates have appeared to us to be an understanding one, a friendly one whether they acted as individuals or as a group at our affiliate meetings while, on the hand, the CARTB attitude has been, has appeared as belligerent and nasty. Now, on the one hand while the CARTB seems to be merrily, systematically, ruthlessly and also without civility seizing every opportunity to discredit our operations as a corporation and would give the appearance of wishing to weaken the system; I would say in all sincerity that it appears to us that our affiliates are working with us and making real efforts to get along with us and to make the system work.

COMMISSIONER STEWART: Are your affiliates all private TV stations?

MR. OUMET: Yes, all the private stations. Now, it would be very naive on my part to suggest that in any way the CARTB does not speak for its members, including most of our affiliates. The least I can suggest is that the private stations CARTB group suffers from some sort of split personality and I am happy to say that we deal at the operating level with the pleasant side of that personality. Our dealings with our affiliates have at all times been business-like with frank but friendly discussions of our common problems in what appear to me to be a



real effort to solve these problems and to find mutually satisfactory solutions. Furthermore, looking back over the last five years I think that we have made progress and that our relations today are better than they were, say, five years ago. They have been constantly improving in this connection. In speaking of relations with affiliates, frankly I do not think our relations with our own affiliates are very much different from the relations which exist between any of the American networks and their affiliates. I have happened to attend, some years back I must admit, a meeting of affiliates of one of the two large American networks and I can assure you that they have problems also with their affiliates. It is an inevitable fact of life in network broadcasting that the purposes and objectives and the interests of a network are not always the same as its affiliates; they are often at variance. It is added complexity that the national or the public interest is not always compatible with the commercial interests of an affiliate so the system is a very complex. Many of our problems are of the same type that the American networks have with their affiliates anyway, and we have a few additional ones. But, in spite of all these difficulties that exist on the American system or in Canada





It might make life more pleasant, although at times I think I might miss some of the very pleasant contacts that we already have now. I am not sure, I am worried about this thought, and I would like to think about it a lot more. I think it is a new thought and for one person anyway -- speaking for myself -- I would like to think about it a lot more before really endorsing it or rejecting it. It is true that our broadcasting system in Canada has been a difficult one, perhaps, over the years, to run but on the other hand, I don't think difficult problems usually have easy solutions and in many ways I think we should be proud of what has been achieved, and to use a French expression, I am sorry I cannot translate this, but *laisser tomber la proie pour l'ombre*. That is all I have to say about our relations with the private stations.

THE CHAIRMAN: I think it has been most interesting, Mr. Ouimet.

MR. OUMET: I have other things.

THE CHAIRMAN: You are speaking from close experience, Mr. Ouimet, and we are very glad to have your views and since you are going on to another point on management and finance, we might now adjourn to 2:30.

Hearing adjourned to 2:30.



THE CHAIRMAN: Mr. Ouimet, we had finished our discussion with relation to the affiliates I think, and you were going to go on to some other financial matters.

MR. OUIMET: Yes, Mr. Chairman, I would like to speak on television costs and the future of television.

THE CHAIRMAN: That is a pretty big subject.

MR. OUIMET: I will try to be brief, although the subject is a vast one. To most people television is a recent development. To me it has a long history -- much longer than I would really care to admit. My first job was in television twenty-five years ago and I have been at it on and off ever since, following the development of television in all countries, right from the beginning of television. Now television like most of the great developments and great inventions, has met from the start with a negative and reactionary attitude from a lot of people. I must confess that I am not one of these persons. On the contrary, I am afraid I have been considered as an enthusiast and as a champion of television, so I thought I would make this admission right at the start, as it may have some effect or some influence on what I am going to say.

At first people used to say that television was not possible technically. Then, when it became a technical reality, the same





people questioned whether people would really look at television -- at a small screen -- they questioned its desirability. Now that television has proven its popularity beyond any doubt, it seems to us that the only question to be resolved is whether we can afford to maintain it essentially, as a means of communication between Canadians, as distinct from its possible role as a means of importing non-Canadian material into the Canadian home. A much more present question in my mind is whether we can afford not to maintain the essential Canadian character of television in Canada. However, I don't intend to compete with Professor Fowler -- I beg your pardon Professor Lower.

THE CHAIRMAN: Quite a natural mistake.

MR. OUIMET: And I do not intend to pursue this point further. It is true that one cannot look at television costs without being very greatly impressed, but I think it is equally true that one cannot look at the statistics giving the number of people and the number of hours which they spend in front of their TV sets, without being equally impressed.

THE CHAIRMAN: Well, I don't know if impressed is the word, or shocked.

MR. OUIMET: I think that the cost



of any commodity, of any service, must be judged, not in absolute terms but always in relation to its desirability, and in certain cases against its indispensability, its necessity.

MR. COMMISSIONER STEWART: Would you not add influence to that?

MR. OUIMET: Yes, I would add this also. Now because I am an old man in television, I suppose that over the years I have tried more than anyone else to look into the future of television in all its aspects. When I say anyone else, I mean anyone else in this country. I refer to looking into its economic and social implications as well as into its technical future. I think all the estimates and the short term plans and long term plans that the corporation has ever made have been either my direct responsibility or, more recently, I have been more fortunate in getting somebody else to undertake this risky business of crystal ball gazing, but still under my supervision.

Now, how have all these estimates come out over the years? Well, in spite of my over-enthusiasm, my over-optimism, my big TV dreams, as some people would unkindly refer to some of my TV thinking, I would say flatly that we have yet to overestimate television. On the contrary, by the time we had trimmed down our thinking and our plans to proportions



acceptable in terms of the thinking current at the time, I am afraid we have often underestimated. Now I can't feel very badly about this, because, as far as I know, everyone who has tried to peer into the future of television until this day, has always had the same trouble. They had seen too little. Over the years in all countries of the world the most enthusiastic experts in television have all tended to seriously under-estimate television, its costs, the rapidity of its growth, its popularity and its long range impact on the minds of people. I think that after twenty-five years it is time that the experts in television learned by experience and today, it is my very real concern that <sup>at</sup> ~~at~~ this very important point in the development of television in Canada, when a Royal Commission is asked to set its course for the future, in our conscious or sub-conscious desire to spare our collective purse, that we do not again under-estimate its cost and its importance to the country. By so doing we would, I feel, fail to take advantage of its possibilities for Canada. In my considered opinion, it would be a serious mistake to think for a moment that television has already come of age -- that it is anywhere near its complete development in Canada or anywhere else. We are just at the beginning of television in Canada -- it is only four years old -- and it has a long way





to go yet before it reaches full maturity.

Now, this continued development of television is not something we should be worried about. We should be grateful that there will be more improvements to come because these improvements will bring greater enjoyment to Canada and to Canadians and greater benefit to the country. I am much more concerned that Canadians in Canada might miss for the same reason the full advantages that television could bring, than I am that we might not be able to afford it.

I think we have been concerned about the development of TV on the basis of the two assumptions, which to me are both wrong. The first one is that Canadians can't afford it, that Canadians somehow haven't got the creative talent to support it. I spoke a moment ago of our collective purse because individually, Canadians have certainly not under-estimated television and they have certainly not spared their individual purses because, from the very beginning of television four years ago in Canada, they have spent more than has been spent in any other country in the world to buy receiving sets.



The Chairman whispers, "Except the United States". It is one of the very rare occasions where I fail to agree with the Chairman. I think we have spent more per capita, per person, who bought a set, and also for the total purchases of such in relation to our population in Canada than the United States, for the good reason that we have been selling sets in Canada at a slightly higher price than in the United States, and that in proportion a greater number bought them. So, I think there, for whatever distinction this is, Canada deserves the first place. The expensive part of television is not, in Canada or any other country, the costs of the programmes the people see on their receivers. It is having and operating a set in the first place. The difficulty is that it is much easier to collect for the set, its repairs, the electricity it consumes, than to collect for the programme service, especially after it has been cast all over the ether for anyone to pick at will. However, I think we should recognize that the economic problem of television is not one of whether we can afford television. That is not what it is. It is one of collection, however difficult this collection may be. It is really not the question of whether Canadian people can afford to have a full-fledged system of their own. I am sure no one would question for a moment that compared with the costs of other forms of information or entertainment television is a remarkably cheap commodity. In the average Canadian home the television set is on for more than three





hours a day providing entertainment to the whole family -- entertainment and information -- for less than the cost of a newspaper, yet the scope of what television brings to the home is so very much greater than that of a newspaper, and I would say of pretty well all other communication media combined. To me the vital question in television is how we can make the best possible use of this most powerful instrument of communication of all, in the interests of Canada and, too, for the individual benefit of Canadians. This doubt which seems to be in some people's minds that we cannot afford a good television service of our own has, in my humble opinion, no foundation in fact. Canadian television has taken an extraordinary impetus and vitality in a very short time since we started, and we started late compared with the United States, and for good reason: we have managed to catch up at the price of a nearly superhuman effort, and in using such strong words I know the full measure of their meaning. I think it would be a mistake to think that we should now relax and that Canadians would be satisfied with something less than the best or nearly the best. I don't think Canadians will be satisfied to see Canadian programmes in black and white by the time American programmes pour into this country with the full glory of colour. I don't think Canadians will be satisfied to have limited hours of operation, limited coverage, limited quality of programming, and I don't think we can expect them, if we give them less than the



full-fledged service, to remain loyal to our Canadian efforts. To my mind the difference between doing a good job and a fair job in television may really mean the difference between success and failure in attaining what I think is one of our major objectives, that is, to see that the enormous impact of television is used to keep Canada Canadian, and not to make it any more non-Canadian than it needs to be.

Mr. Chairman, this is all I have on this particular question. As you see, it is looking at the financial aspects of television in a very broad way, and not as an accountant would do it.

THE CHAIRMAN: We may get down to some accounting matters now, then, Mr. Ouimet. What, Mr. Ouimet, do you conceive to be a full-fledged system of television -- which was the phrase I think you used?

MR. OUMET: I think a full-fledged system of television has to be related to the time element. We may have a reasonably full-fledged system of television at the start of television and which would be very inadequate after ten years. So, anything I have to say must be related to the periods of time. I think that we will have definitely to keep up with all the major developments in the science and the art of television, and I think there will be many to come yet. There have been many in the past, and I can't think that scientific or artistic ingenuity is going to stop. It is too early in the development of this media. So, we must keep up with the developments. We must





keep up with such developments as colour. We should have in Canada a service which covers a reasonable proportion of the day. The number of hours we have been operating to date has been, I think, acceptable in terms of the fact that we have just started four years ago, but I don't think this will be acceptable in the future. I think that we must be ready to provide service when people, expecting to get service and not getting it from us, will turn to other channels which provide that. About one million, I am told, Canadians can now get American programmes directly. I think more will be able to get such programmes in the future because I think more stations will be built in the United States near our border. We know now that while we are not on the air in those periods where we do not broadcast many Canadian viewers still look at television, but obviously they don't look at Canadian television; they look at the American transmissions. Furthermore, I think that if duplication of stations is put into effect, I am pretty sure that these stations having the same problem as we have with respect to attraction of American stations in the daytime will also go to operation in the daytime, which would leave the national service, the CBC operations, certainly at a disadvantage if it started only at five o'clock or four o'clock, because there is definitely a factor of loyalty in station use. If somebody is used to looking at a station all day, they sometimes forget to turn it to the other channel at night.

Coverage, in my opinion, is not yet to





the extent that I think Canadians have a right to expect. I think that within reasonable limits of expenditures we can provide further coverage to the extent of, say, ten per cent more homes for the moment -- perhaps more later, but for the moment that is how it appears to me.

In the quality of our programming we are not yet at the stage which will be expected of any television programme in two years, three years or four years from now, because the art is developing, and what is acceptable at this time is not necessarily acceptable after people have some experience with it. I am not suggesting that our programmes as they are now have not attained a very commendable level, but we know, ourselves, of many ways of improving these programmes. It requires more rehearsals, more time, more attention, more men to do a better job, and a better job can be done. I realize fully that perfection is one thing and the ability to attain perfection in terms of money is another thing. So, there must be account taken of the two factors, and I think we should then go further than we have now ----

THE CHAIRMAN: You do not completely equate perfection with expenditure, do you? You may have some very perfect productions which are not seriously ---

MR. OUIMET: Oh, no; sometimes we will bring out something which will be very good, or nearly perfect, and yet not cost as much money as much less perfect things may cost on the average. However, I am talking about averages, and there is



no doubt the way to improve our programmes further is to give them more attention, more time, and they are all human efforts and they cost more money because people ---

COMMISSIONER STEWART: I take it from your remarks that you are not too much concerned with the assertions that have been made before this Commission on a number of occasions, that the people who are interested in listening to radio or television in the mornings or in the early afternoon, are housewives who by reason of their work cannot afford to look at television. I take it from your remarks that you feel there should be an extension of hours into the morning hours?





MR. OUIMET: First, gradually, into the afternoon and gradually over a period of years, back into the morning. We have statistics based on the experience of the United States, and while the audience is much less in the daytime it is a fairly important audience. I think it is of the order, at noon -- I haven't the figures exactly, but I think they are of the order, say, thirty per cent of the audience, and it is a devoted audience.

COMMISSIONER STEWART: Would you care to offer us your opinion in the light of what you are saying now on the future of radio in this new world we are dealing in?

MR. OUIMET: The future of radio?

COMMISSIONER STEWART: The future of radio.

MR. OUIMET: I think, most definitely, radio and TV will tend more and more to complement one another.

COMMISSIONER STEWART: You don't see the end of radio as a result of this increased interest in television?

MR. OUIMET: Not at all because already, and there again we can see what has been happening after nearly nine years in the United States. We have been in it four years, but we can see the effect of television in the United States, and radio seems to be getting a sort of new impetus in a slightly different form. I am not speaking here, necessarily, of network revenues on radio; this has been really badly hit, but radio in terms of its audience is doing relatively well, especially in



the daytime in spite of the fact that television is available in the daytime -- not only one programme, but a number of programmes are on in the daytime.

THE CHAIRMAN: I don't want us to get away from television, but there is a good deal to be asked on the subject of radio and we might come back to it, but before we do, is there a distinction between the every-day television service that will be provided in Canada and the service which would be provided in the sense of a national television service? The thought that was in my mind, and I would like your views on it, is this: I can see with the United States beside us, with a certain broadcasting practice growing up there, there will be a certain compulsion on us in terms of the overall picture, perhaps, let us say, to move the hours of broadcasting back from the evening to the afternoon and from the afternoon to the morning. But if the function of the CBC is as it is by statute to provide a national television service, and they put that word into the statute, does the whole day have to be filled with this national television service? Is there some point at which you say that the function of the State interest to deal with matters of Canadianism, to deal with matters of drawing the country together, as someone has suggested, to make a communication run east and west, a whole series of things that have been suggested, that you could at some time, and not necessarily for all time, there could be a change, say, that so much is what we can provide?





Now, before you answer this, so much is what we can provide, even though the station may stay open for longer periods for community service, for local activities, for viewer small audience entertainment, if you like? The point I have in mind is this: we have to start from where we stand, and we are attempting to do this partly from publicly-owned stations and partly from privately-owned stations, and if you are going to have private stations carry your national programme service you must leave them time to operate commercially so they don't go into the red. Therefore, I can see your enthusiasm and I can see your desire to make this a bigger and better national service, but there are some built-in limitations, to use the well known phrase on this. At what point does the national programme service, in the immediate future, at least, become mature? You see the kind of worry that is in my mind?

MR. OUIMET: Very much so. I am not sure I will be able to remember all the various points in your argument, but I will do my best.

To start with an easy answer first -- Canadianism is not a question of day and afternoon or morning. If there is a need to provide some Canadian programmes there is just as much need in the afternoon as in the evening even if the type of audiences are not necessarily the same. Furthermore, we do not have in mind at all a national service in the sense of sixteen hours of solid network going through, leaving no time for stations. On the contrary, it is much the same way now. We





do not fill all the hours from the beginning of the day to the end of the day with national programmes, and we have in mind a somewhat similar formula where you would have a number of blank spots in the national service which would provide for the participation by the station giving community service, or an opportunity to sell to supplement their revenues. That is one phase of the problem. Now, just how many hours would be devoted to national service and to, say, local service, I have not figured out. I would think just about the same proportion as we have now.

Now, I am trying to remember some other point of your argument. Perhaps you can help me with that?

THE CHAIRMAN: The point that was in my mind was, we are charged with advising Parliament on what it is we are trying to provide in our radio-television to public activity. That has been phrased by the Legislature so far as being the provision of a national broadcasting service. Providing that television service it may be necessary for us to try and spell out what it is to be included in the phrase "national television service" and it may be necessary for us to spell that out in terms of both geographical extent and hours of service. Now, if we had unlimited money, then, I have no doubt there would be values to be derived over wholly state-owned stations across the country from nine in the morning, or eight in the morning, until one the next morning. You could say it would be worth while, but it is my point, what do



you have to apply from practical judgments? It is not going to be easy for us to do it with certainly much less experience and knowledge than you have, but our job is to advise the Government on the scope of the national television service, and I would like to know how in terms of operation. I am not saying a station cannot operate longer. There may be ways in which the station can usefully operate longer.

MR. OUIPET: That is what I was saying not very long ago, although it would provide programmes over a long period it would not fill all the schedule completely, leaving gaps, important gaps, for local reasons. Another reason why a network thinks it important to go into daytime operation is that the affiliates themselves wish the network to provide them with a certain important -- of the like, I would say ---

THE CHAIRMAN: Service?

MR. OUIPET: Some important highlights in the programming which enables them to build around it certain local programmes, and already we have had from our own affiliates requests to do some daytime programming.

THE CHAIRMAN: That is one question: it is a bit of a sideline from what we have been talking about, but I would like to get it clear. I notice from reading some American material on this subject the point is made that the network programme, even though it may not be much of a revenue producer for the individual station, in fact, it may not be a revenue producer at all; it may be a sustaining





programme. That programme, because of its attractiveness and because of its public appeal, may operate to make it possible for the private station to sell the adjoining periods of time very profitably. Is this a factor in Canadian television?

MR. OUIMET: This is correct. It is a factor, I think, in any broadcasting operation. I should mention one further need for extended hours, and that is there are certain types of public service programming that can best be provided during those daytime hours. For example, farm broadcasts in radio and in TV seem to go better around the noon hour. School broadcasts, obviously, must come at the time when the schools are open. What we have in mind is this, that having taken care of certain of these public service broadcasts, and others than those I have just mentioned, that there could be some revenue-producing programmes of a simpler type because in the daytime the kind of programmes you can carry are not necessarily as expensive as the big efforts you put on at night. This is the experience not only in Canada but in the United States. But I am saying I think there is a measure of degree -- I am not saying we will have to go to daytime operation in order to keep our relative revenue position with respect to the United States, but that it is important to have some Canadian programmes in the daytime as well as at night, and that some of these programmes will be network programmes leaving gaps for the local stations, and also that we need the time to do



certain types of public service. But related to all that is the question of money, on the other side. If money were not a problem, obviously, you would go the whole limit. It is very difficult to judge just how you would weigh these two opposing factors.

THE CHAIRMAN: Canadian television, let us assume, will be going to longer hours. My question is, is it necessary for this to be done by the CBC, or is this something which perhaps can be expanded by the station? So, to the extent that you operate a station, if you are on a local basis, a private station, you are not concerned whether there is any public cost involved.

The other question is this: at the moment what is your national television programme service hours per week?



MR. OUIMET: May I check on this one, on the latest figure? We would say about 40 on most stations, higher on some.

MR. DUNTON: I do not think, certainly at the present stage of development there was always a completely clear-cut line between what you would call national service and individual station service because of the way things developed. I could illustrate that this way; I think you heard from several witnesses speaking from different women's organizations who wrote their briefs early, that they wanted a good women's programme and there was one started last winter called Open House. That programme is going now on the CBC stations across the country at 4 o'clock and in general terms it is the earliest programme in the afternoon, perhaps the opener. I think those same important women's organizations say it is a very useful kind of programme yet in this combined public and private system we find the private affiliates as a rule do not wish to carry that programme because they usually have a local women's interest programme of their own which provides revenue for them and very likely at the same time. But, on the other hand, I think you can say it is useful, a fairly national service that women in many parts of the country, where it is practical do so, have a chance to hear that programme even though under the circumstances it is not practical to





force the private stations to carry it. The programme, therefore, it seems to me fills an intermediate category. It could be done, I think, much better on a national basis, in other words, designed for use right across the country, not for local women's interests; having important people speak on it. I do not think it could be nearly as well done on an individual basis across the country and it is not practical to force it on all stations.

THE CHAIRMAN: I may be approaching this much too simply in my own mind and if so I wish you would put me right but being a lawyer I start from the statute and the statute says that you are to provide a national broadcasting service and the first thing I ask myself is, "What is a national broadcasting service?" Mr. Dunton attempts to answer this the other day and very well indeed, but then you come down to a question of what is the scope of this service. Now, to begin with, I find it difficult to feel that public money should go into a service that is not pretty generally distributed. In other words, whatever you decide to produce you should see it gets out. There must be some point which in our kind of system you get to the end of that road that you cannot produce any more in terms of hours. Now, I do not care whether if it happens to be eight hours a day as being a practical time for national broadcasting service,



whether you stagger those hours throughout the day leaving gaps for private, local activities or whether you do it all in one clutch of eight hours in a row but somewhere there is a limit or would you agree with that?

MR. DUNTON: Yes, I think there is a limit, I do not think it is too easy to define exactly because of the kind of factors we have mentioned like the women's national programme.

THE CHAIRMAN: Would you agree with this, there may be something to be said for CBC in producing no programmes except programmes which get out generally, nationally?

MR. DUNTON: I would say it might be well worth while as in this instance of a women's afternoon programme, it is worth while that it gets out to I think, in fact, over the majority of the English-speaking listeners in the country and it is not a very expensive programme. I think that is worth while, in fact, even though in practice you cannot expect private stations to have to carry it but I think, in fact, it is still worth while.

THE CHAIRMAN: That is one point which I find great difficulty in following because it seems to me that there may be certain minor exceptions to the rule but what kind of justification is there for spending public money to bring programmes in the result to only certain parts of Canada?





MR. DUNTON: I think if you follow complete logic, if you spend public money you bring the same programme to all Canadians everywhere but there is bound to be some differences. Our objective has always been to make the service as equal as possible all through the country. In practice, under some of the instances we have been mentioning, it is not possible largely because of the mixed system we have but in practice it should be worth while if you cannot achieve the objective of complete national coverage of it on a certain programme, it still should be worth while especially with the cheaper type of programme then if it reaches only two-thirds of the national audience. It is a matter of degree and, as we explained to you, generally the work of the Corporation does concentrate the most expenditures on programmes on which complete national coverage is easier.

MR. COYNE: Just to introduce something there, first of all, is Open House a sponsored programme?

MR. DUNTON: No, but it is planned to open it up for slots.

MR. COYNE: But is it really a national programme in the sense in which the Chairman is speaking of it? I put this to you, if your stations were operating from three or four o'clock in the afternoon instead of from five -- I do not know whether those figures are accurate



or not -- and you did not have your Open House programme going over six stations at the same time, presumably each of these local stations would have to be producing some sort of programme to occupy that time?

MR. DUNTON: It would, and it would depend on what they did whether it would cost more net or did not, then you make more money if each of those stations carried an imported film programme sponsored on a spot basis. In this case it is still a fairly economical way of filling that period on stations covering that audience and we expect to get some revenue back from it.

MR. COYNE: In other words, if we start from the Chairman's categorization of programmes in the national programmes and local programmes and assuming that one can do that into which category should a programme such as Open House which is merely going over six CBC stations fall?

MR. OUMET: It goes to six CBC and nine private at the moment so then you would say that it is a national programme but it only goes out through 15 stations instead of through the complete network of 28.

MR. DUNTON: I would say it is national as far as we can make it in practice. We think it is desirable if it were practicably possible





to have it on all stations; if there were two stations in an area it would obviously be carried on one of them, in the circumstances it does not seem practical to make it completely national but it is quite a high proportion national.

THE CHAIRMAN: I think my question comes to this, have you any statutory authority to produce anything that is not a national programme?

MR. DUNTON: It depends on the definition, if you take "national" as taking every Canadian then we have never carried it. If you take it as covering every viewer who is in reach of the whole system, now, we do put the major effort into that. What we are suggesting is it still should be in a pretty big public interest, at least a large proportion of the public interest. Under practical conditions you may in some instances and some instances only put some effort into a thing that won't reach all the viewers.

THE CHAIRMAN: I realize "national" in the sense of every Canadian -- after all, we are not going to get television to Aklavik for some time.

MR. DUNTON: You cannot tell these days.

THE CHAIRMAN: This could be so, and it is all the better because that is a desirable objective. But, take your women's programme, you are charged with producing a national television





service, you decide that it is desirable for the women of Canada to have a programme in the afternoon, well then, you produce it and the question that is bothering me and if there is an answer to it I would like to get it is this, if it is worth producing is it worth distributing on a national basis?

MR. DUNTON: We think it is.

THE CHAIRMAN: And the point I am getting at is, if it works out with the approaches and you say, "We cannot put it here because of some local commitment and won't put it anywhere else because of a station's revenue" and you end up spending public money to give a partial distribution to a programme that you think ought to go out nationally. Why? Because you are not prepared to exercise the powers that are given to you?

MR. DUNTON: That is right. As we say, we would like to see national distribution of it, we think it merits that if circumstances permit, we think that in this case it would be too harsh use of our powers in relation to a practical situation of the CBC, to force on private stations carrying of it although, as we mentioned, several do so voluntarily. In this kind of system we think inevitably there will be some border-line of that kind.

THE CHAIRMAN: The question is what you do when you strike a border-line. I am inclined



to think that it is not very much effective and off hand that if you do not in fact get it out you ought not to produce it.

MR. OUIMET: Mr. Chairman, is there not a question of degree, though? It is a very difficult part of these discussions, there is a question of definition of words and the question of degree and measure. Is it not the same thing again, as I was saying before, that we must relate cost to what we achieve if it is in the interests of Canada to reach all Canadians if possible, if it was possible and then, we say that in broadcasting it cannot be done, so, therefore, we will cover only 90 per cent, we just cannot make it 100 per cent national. Is it not the same way in terms of our programming? There are certain cases where we apply the authority of the Corporation and have these things carried and get full coverage. There are other cases where we can get something Canadian, something pretty good carried over a good part of the nation. Now, these programmes you say should be carried nationally, of course, it would be much better if they could be carried nationally but suppose there are some practical difficulties such as the fact of some private stations? They are not our own stations, some private stations are unable to take it from our network. Suppose only one or two could not take it, surely that





is better to have it carried over the 36 others and the question is whether we should try to cease to carry these programmes and that is certainly the question of relating the cost of our programme production against the distribution which we get. Of course, there is a great deal of room for judgment, with whether that happens when we get 70 per cent coverage or 50 per cent coverage and I think that is what we are discussing now.

THE CHAIRMAN: Yes, but the thing that is bothering me is something, maybe I have said it too often and am just repeating it but you are spending money coming from the people of Canada, you do in fact own, and therefore control the CBC television stations in the six or seven principal cities. You are attempting to get these programmes out through other stations which are privately-owned in the rest of Canada. Now, if you go very far in the excusing of these private stations from carrying your programmes which you have deemed to be of national importance to carry, you necessarily end up with spending more public money to provide a desired national service in Toronto than you are doing in Regina.

MR. DUNTON: May I say something on that? In the first place, the way it is worked now we spend \$20,000 on a major production of some sort that will almost without exception go



to every station on the network, English or French.

-

-

-

-

-

-

-



We have thought it worth while for some few programmes -- there are only a few in this category -- to spend perhaps one thousand dollars on say a woman's programme. That is still worth while if it goes on a bit over half the stations, covering just over half the English language people. Naturally these factors are very much in our consideration. From the point of view of the people of Toronto, we have, however, had it put to us that we are using the revenues coming from the Toronto market to help the service going out to people in other areas, and this is a factor.

I think if you start counting the costs per head of service even with the private stations, the communication costs may work out for that service to more distant areas a little higher than to people in Toronto.

MR. OUIMET: I think this is very much the case, Mr. Chairman.

THE CHAIRMAN: I am thinking of service to the people rather than the question of the CBC or the private stations.

MR. DUNTON: Yes. So are we.

MR. OUIMET: Mr. Bushnell has just given me an example here where there was a London station which did not carry "Country Calendar" or "News Magazine," which we produce and where we might like to have distribution, if it was not for the fact that the station





there already produced a programme of the same type. However, this may not be true of the other stations, so this is very complex. It seems to us it is a question of the station saying that they are not willing to carry it for reasons of revenue and in other cases because they have something similar which they have now; but not all stations in Canada are in that position.

THE CHAIRMAN: No, well let us get back to this forty hours a week. That was the approximate amount of your national television service. It is possible to calculate the costs of that now. One of the elements obviously of increased cost would be an increased number of hours. Well let us assume that the present kind of system continues, that is, that the CBC is going to continue to produce programmes and to get them out through a combination of its own stations and the private stations. At the moment you have got eight and twenty-eight and you have got 80% coverage. You must have struck this forty hours a week some way as being a sort of economical amount that would enable the station to operate commercially and still survive and, at the same time, give you a reasonable content of national programmes in the day's fare. Would you suspect that that eight hours at forty hours a week is going to change materially.



MR. OUIMET: It may. It may change to some extent -- I hope not materially, because I would be worried that it may be reduced too much. So I hope it will remain about the same for this total period of programming that is now taking place <sup>on</sup> the average, over Canadian stations. But, as the stations go to more hours per day, I think that the national component of that service should increase in proportion, therefore the forty hours would go up.

THE CHAIRMAN: Well it would go up, in your estimation, how much and at what rate?

MR. OUIMET: Well, what we have been thinking of is, any extension of hours going beyond what we have now, would go up in the ratio of half national and half local.

THE CHAIRMAN: It is approximately the kind of supply that now exists -- the average is seventy-five to eighty hours a week operating rate is it not?

MR. OUIMET: This is correct.

THE CHAIRMAN: Well then, if they went up from eighty hours to one hundred and ten hours a week, would you have another fifteen hours a week to provide?

MR. OUIMET: This is what we have been thinking of, although at this stage these stakes or this balance, are not in any concrete form yet, but this is the sort of thing we have





been thinking about.

THE CHAIRMAN: What your proposal is then, is that the present balance is about right on an economical basis and on a national objective basis, and that this same balance should be preserved in any extension of hours.

MR. OUIMET: This is what we have in mind.

THE CHAIRMAN: Then what about the eighty per cent coverage, which is over what your original objective was? You said a moment ago that you might be able to extend this by say up to ninety per cent by certain steps. Do you think that eighty per cent is not a pretty good achievement of the objective of this television system to date?

MR. DUNTON: Could I just give a few considerations of policy involved in this matter. As you will recall, in 1952 there was this very deliberate national plan decided upon by the executive involving the establishment of the CBC facilities. I emphasize the word "facilities" rather than "stations." Facilities where some major production could be done in Montreal and Toronto, where there would also be some possibility for production in other regions of Canada.

The essential part of the plan was that some period at least of over coverage would come in the creation of private stations, all to be fed the national service. I don't



know what was in the minds of the executive at the time. Certainly we have always understood that, depending on future studies and that sort of thing, there would be the possibility of future coverage beyond that sphere. It gets rather indeterminate as to in exactly what form that coverage could be extended.

We have always had in mind I think, and it may be in the minds of others, that if the economic conditions and finances permit, the CBC would like after the establishment of the private stations, to fill in some of the gaps with repeater, economical repeater types of stations.

On the other hand we feel, in fact we know, pretty well that applications from private stations are still coming in. There have been signs of development, and changes, as Mr. Ouimet has been explaining, and the possibility of operating stations is now here - on fairly low coverage, very economically, - provided there is a good bunch of programming provided to them.

I think you might find, for instance, several examples of this. The board had before them last spring a low power station at Kamloops. The board looked at this application very carefully. The applicant thought he could operate the station extremely economically if he had the provision of the national service. He thought





✓ he could get the extra amount of non-network business to cover a pretty economical operation of the transmitter. Therefore, the cost involved was for the communication of the national service to him by kinescope or microwave.

We believe there may be quite a few applications of this kind where facilities will be built up by private enterprise and where there would have to be an essential production of the national service. We can't guess how many applications there will be, but we think there may be quite a number. In all these cases it would not be a matter of establishing or not establishing publicly owned facilities, but whether the national system and its finances could afford merely the communication charges to get the services to the station.

I would like to add to that, that your Commission I think has had representation from one or two localities who are very anxious to get the service. Our board, in the last few years, has had a great many representations and very strong ones, from people in areas not served and often those areas are where there is a considerable amount of economic development going on. We know there is a great feeling there, of advance with Canada and these people say with enormous emphasis "we are Canadians, we pay our taxes, we are part of Canada, we





have the right to a television service, and there are thirty or ~~forty~~ thousand of us, so we should have television. We are going to get it somehow." Some of them are getting it. There are in outlying communities, people particularly, in areas of British Columbia where people are getting together or someone with enough enterprise is putting in a community antenna system for a receiving service. People are willingly paying the installation charges of \$125.00 approximately and are obligating themselves to pay \$50.00 to \$75.00 a year to get a television service. This is an indication I think, of what Mr. Ouimet said. They are willing to pay plenty in this country to be able to receive television service. We thought it was difficult to say just where precise limits of coverage should be. Mr. Ouimet will perhaps be able to expand further and I think you have figures as a result of some of the studies, which can only be an indication of the kind of coverage that might be extended. Still, I suggest we are not merely to think of this problem in relation to the total cost of television and the total cost of providing programme services regionally, and so we urge pretty strongly a fairly sympathetic consideration of some extension either through private stations or, to some extent, through the very economically operated repeater stations.



THE CHAIRMAN: Well let me see if I have got the facts correctly. You feel that television signals in Canada, and Canadian stations, are now reaching slightly over eighty per cent of the Canadian homes, is that correct?

MR. DUNTON: Yes.

THE CHAIRMAN: And that the actual receivers are in about 47% of Canadian homes?

MR. DUNTON: I think it is a bit higher than that -- I would say probably fifty or perhaps more.

MR. OUIMET: Over fifty.

THE CHAIRMAN: Just over fifty. How about the figure in the United States? I have seen some estimation that the geographical coverage in the United States is not significantly higher than our 81% or 82%, but that the actual number of sets in use is much nearer 95% of those that can be reached.

MR. DUNTON: The figures I have in mind -- I don't know who it was giving them -- but these figures can vary and they were in the nineties -- I would say high in the nineties in the States.

THE CHAIRMAN: I think the figures we have had were eighty-five to eighty-seven per cent.

MR. OUIMET: Somewhat lower -- could we compromise between Mr. Dunton's figure and yours?

THE CHAIRMAN: Well -- -- --

MR. OUIMET: And say in the vicinity





of ninety, but here again we have to be careful to define what coverage is. You can talk about coverage in the (a), (b) and (c) contour or just (a) and (b) -- it depends on how poor a coverage you are ready to accept.

THE CHAIRMAN: Well let me ask you this general question. Do you think that Canadian geographical coverage as distinct from the saturation of the market is still behind the geographical coverage of the United States?

MR. OUIMET: Yes, that is my opinion.

THE CHAIRMAN: Yes, but not significantly behind it, judging from the figures?

MR. DUNTON: May I just read one piece from the CBS, Columbia, report -- they say the statistics which we know can be played around with, are "ninety-nine point two per cent of the United States families living in areas served by television as of March 1st, 1956."

I wouldn't back that statement.

MR. OUIMET: I didn't have that case. These big United States organizations -- --

MR. COMMISSIONER TURCOTTE: I seem to remember Mr. Dupont of CJAC mentioning a figure of sixty per cent in the Western States.

MR. DUNTON: I wouldn't back that either.

MR. COYNE: Just to clarify your last statement in connection with this



extension of geographical coverage, it has I think often been pointed out to us, that the cost of pushing the geographical limits from eighty to ninety per cent would be enormous. In other words, that the additional ten per cent would be out of all proportion to what it has cost to provide service for the other ten per cent segment of the population.

I gather that was precisely the opposite is in fact the case if you take advantage of repeater or automatic stations which are really just hitched on to some station which is operating already.

MR. DUNTON: Mr. Ouimet, I think, can give you some illustrations of figures.

MR. COYNE: I think that has been the impression that we have had -- that this is some enormous cost. It is just as if you were going to put a television station up at Acklavic, or something of that kind.



MR. OUIMET: Again, the added coverage we have in mind is a matter of definition. You can make it higher or lower depending on your definition of what acceptable coverage is. However, in terms of our current use of the word "coverage" we think that we could, within reasonable expenditures, reasonable costs, cover 10 to 12 per cent more families than we have now. There are about 4,000 families in Canada --

THE CHAIRMAN: You mean 4 million.

MR. OUIMET: Yes, 4 million.

THE CHAIRMAN: As usual, you have missed off the last three digits.

MR. OUIMET: That is the trouble with television mathematics. So, 10 per cent of 4 million would give us 400,000 families plus, that we think we could cover for a total capital cost of in the neighbourhood of \$11 million. For an operating cost, not including amortization, in the neighbourhood of \$4,300,000 a year. If you bring this down to the cost per family, by the time you have them all -- of course, at the beginning when we have nobody buying sets, the cost is very high per family -- but if you reach saturation, by that time the cost would be \$4,300,000 divided by 400,000 families, which would give you about \$11 per home. If you figure out the cost per home in Canada where you have 4 million homes, in that case the cost will





be of the order of \$1.10. If you bring in the capital discount, down to about a \$1.50 per home, and that is what we had in our main memorandum, if you recall. This seems to be within reasonable limits of public expenditure to provide this service to this additional population. They are not the biggest expenditures that we foresee.

THE CHAIRMAN: Let me put Mr. Coyne's question in a slightly different way: the cost of providing this service to the extra 10 per cent to raise it from 80 to 90 per cent is of the same order of magnitude as the cost that has been up until now used in order to get to the 80 per cent?

MR. OUIMET: Because we have already paid for the programmes.

THE CHAIRMAN: Yes, of course.

MR. OUIMET: Yes, it is of the same order of magnitude, but in the first case you include the cost of producing the programmes, while in the second case it is just the cost of the added distribution.

THE CHAIRMAN: Yes, it is an added cost rather than a true accounting cost. Now, Mr. Ouimet, you said earlier that you had always underestimated matters in this business.

MR. OUIMET: Not always -- too frequently.

THE CHAIRMAN: Well, on one very important aspect that I think you made, you told us that you



started out by operating on the notion of \$15 per television home per year: it seems to me that last Spring you told us that that was exactly the way it worked out.

MR. OUIMET: That is why I say not always. That one we hit right on the nose.

THE CHAIRMAN: The trouble with you is that you are too quick for me. Can you give us any help as to how we are going to get at this item? Unfortunately for us, it is our job to try to make recommendations as to where this national broadcasting service should go, what it is we are trying to buy when we say we are buying that, and how much it should cost, and how the money is to be provided. I suppose that summarizes pretty well what this Commission has to deal with. Have you any guide that you can give us as to the rate at which the extension of geographical coverage will and should proceed at a reasonable national charge, or the rate at which this -- first of all, this extension of hours should proceed, and secondly, as to the rate at which colour television should be approached and gone into? I don't mean to get into detailed figures. We are doing that with you through our experts, but I would like anything you can give us as to the sort of rate of progress that you are recommending.

MR. OUIMET: I think we should divide





this, as you say, in different elements, and perhaps the easiest one to deal with is the extension of coverage.

THE CHAIRMAN: Geographically?

MR. OUIMET: The geographical extension of coverage. What we have been thinking of since we haven't got the money to do it now, we have got to make a reasonable guess as to when we might possibly get it, and from then -- perhaps we could call that "Date Zero" or "TV Day" or something -- and for the first year build 13 relay stations, and do the same thing for three successive years. Actually, it is 17 each year, because I have failed to tell you this: we figure that to complete this coverage to give 10 per cent to 12 per cent more would take 51 new stations.

THE CHAIRMAN: Mostly repeater stations?

MR. OUIMET: Mostly. All but four are relatively small stations, but in a few cases it would be cheaper to use a big station than a number of small ones, but they would all be relay, although of different power. In these calculations we have to take into account also the probability of new commercial stations making application, so we are providing for this type of station also in our provisions.

THE CHAIRMAN: Before you leave the relay or repeater type of station, is there any possibility



that existing private stations will be prepared to put in repeater or relay stations as part of their system? I am thinking of the suggestion that was made, I think by the Newfoundland operator, who said he would like to give service to more people in Newfoundland through a repeater station?

MR. OUMET: Actually, in our list of 51 stations there are only three stations which are near enough to existing stations to pick the signal of those stations, so there are only three which you may call satellites which are the type of stations that you have in mind, that the private stations could do. So, it wouldn't change the overall picture materially.

COMMISSIONER TURCOTTE: What kind of broadcasting band do these stations use -- VHF?

MR. OUMET: They would vary. Wherever it could be done on VHF it should be done on VHF. On the other hand, there are not enough channels to take care of all of them, and in cities where there would be a UHF channel, in that case I don't think it would represent too much of a problem because the coverage of these stations is to be limited anyway -- they are fairly small sized communities and, therefore, the UHF channel would be adequate for that purpose. Furthermore, since there would be only one signal available in that city, the problem that they have in the





United States of inter-mixture between UHF and VHF would not present itself to any great measure. So, this is what we would have in mind for the extension of the coverage, and this should give us this 10 or 12 per cent of the population. So, from the day we start, three years at 17 stations per year scattered all over the country.

MR. DUNTON: May I add to that and emphasize again what we said, Mr. Chairman, that there may be in some of these areas in which tentatively planned relay stations have been thought of, the possibility that there will be applications for private stations, and that would not make an enormous difference in the cost, because the communication factor will be a big one, and there is nothing set in this; there is nothing about the CBC trying to stake out territory. We will be very glad to accept applications from private stations to cover these areas. It would not make any difference to the magnitude of cost, and of the capital cost it would not change it by any means.

THE CHAIRMAN: In those cases where you would extend the coverage either by your own stations or relays, or by private stations, you would contemplate adding them to the existing network arrangement?

MR. DUNTON: Yes.

THE CHAIRMAN: This has nothing to do with the second station point we were discussing?

MR. DUNTON: Nothing at all.





MR. OUIMET: And more than half the cost of operating these stations consists of the cost of providing either a connection or the programmes in some form or other. So, even amongst those 51 stations -- and we have provision for a number of private stations also -- if we make a mistake, and instead of being a CBC-operated station it is a privately-owned station, in that case our error in estimating is less than half what we have provided here.

THE CHAIRMAN: It would mean you would have the cost -- if you add to the service of the network you will have the cost of getting the programmes there, but you will not have the capital cost of the facilities if a private operator takes it on?

-

-

-

-



MR. OUIMET: This is correct. This is all I can say about what we propose for the coverage. I have given the cost, the number of stations, the number of years it would take, we have maps that I think have already been provided to the Commission showing where those stations would probably be located.

THE CHAIRMAN: What about the extension of hours?

MR. OUIMET: Now, for the extension of hours, there again, from the time where money might be available for the extension of hours we would propose to extend at the rate of two hours a year for actually four years, but the first year two hours, the second year two hours, the third year two hours, and the fourth year a half-hour per day because the decision as to the number of hours of the extension we have in mind would be 6-1/2 hours.

THE CHAIRMAN: Per day?

MR. OUIMET: Per day.

THE CHAIRMAN: That is moving from -- approximately doubling the total hours of national service?

MR. OUIMET: No, and we had in mind this to start with. No, actually I gave 6-1/2 hours as the total number of additional hours the stations would be on the air but only 3-1/4 hours of that would be national service that would be





provided.

THE CHAIRMAN: You are adding something like 50 per cent of the present national programme service?

MR. OUIMET: At a cheaper rate (Laughter). I should mention also, we would maintain about the same proportion as we have now as between live and film so this is not necessarily live programmes, that 3-1/4 hours.

THE CHAIRMAN: Are you thinking also of preserving in the same proportion all importations?

MR. OUIMET: This is what we have had in mind for the purpose of these calculations in extending the hours. Now the question whether the percentage should be changed generally is another matter.

THE CHAIRMAN: Let me ask you this. Supposing, for the sake of argument, your present national programme service is, and I think it is fair to say it looks as though it is, a reasonably good job up to now and you are today, let us say, giving the people of Canada in your national programmes, as well as you can and hoping it will be better and all that, but nevertheless you are giving a good content of Canadianism, a good tieing up of East and West Canada, why then is it necessary to move from six hours a day to 9-1/2 hours a day to do that job?

MR. OUIMET: I think, frankly, we would like to preserve this quality of our service. You say it may be reasonable to say it is a reasonably



good job and we feel unless we do extend the number of hours to keep up with the development of things it will no longer be a good service. That is really coming across the whole thing fairly rapidly. I believe we will be actually losing ground if we don't keep up with this.

COMMISSIONER STEWART: Can you make these extra hours pay for themselves by reason of commercial announcements or are they going to be an added cost to the country?

MR. OUIMET: No, we cannot make the added hours pay for themselves and keep the type of service that we think we are called upon to do. No, they will cost more; not as much as the hours we are already providing because they are in the day time and different kinds of programmes can be provided but those hours of national service will require public funds. Mind you, we will be able to supplement on our own stations with some revenue because we do operate in the daytime but I still think the net operation, I am sure the net operation will cost more than it will bring in revenues.

COMMISSIONER STEWART: Was all this added cost taken into account when you reached the amount of \$15 a television home?

MR. OUIMET: No.

COMMISSIONER STEWART: That was the present day cost?

MR. OUIMET: This figure of \$15 was the calculation, if you prefer to refer to it that



way, was on the basis of providing service, if I am correct, to about 75 per cent of the population of Canada for a limited number of hours in black and white.

COMMISSIONER STEWART: Was this more or less based on present day conditions?

MR. OUIMET: Yes, what we have.

THE CHAIRMAN: Now what about the invasion of colour? When does that calamitous day arrive?

MR. OUIMET: There again, in terms of costs, it is unfortunate somebody ever invented it, but in terms of enjoyment perhaps it is a good thing. True, we don't know exactly just when colour will have arrived at the stage where we want to really get fully into it. Some people think that this will be this Fall in the United States. At this stage I am not ready to disagree with them. It looks like the receivers have been simplified to the point where they are a reasonable price -- below \$500 in the United States -- and the number of programmes available in the United States are also sufficient to interest the viewers to buy receivers. So, it may well be that this Fall colour will really get off the ground in the United States. They have had colour for three or four years but it really hasn't got its impetus yet. We feel that within a relatively short time Canadians will be able to get regular colour programmes across the border. As you know, the manufacturers





have asked the Corporation, have been pressing the Corporation for a number of years, for three years as a matter of fact, they have been telling us this was the year. Well, it may be the year next year. We have based our calculations for our future estimates on expanding in colour and I am looking for the figure here --. Perhaps, it is not too relevant to say when we think we may get the money to do colour. Perhaps I should say from the day we start in colour we propose to develop our colour operations at the rate of 10 per cent a year for 10 years. This would provide us with 10 per cent of our programmes in colour the first year we have colour, and 20 per cent the second year and 30 per cent the third year and so on.

THE CHAIRMAN: I think my question was a slightly different one. If we were in Australia we could make some decisions and simply say that colour was just too expensive and it was not for us but I take it from what you said our proximity to the United States has a certain influence on our problems here.

MR. OUMET: A very great influence.

THE CHAIRMAN: Now, suppose next year the United States start to really get going in colour. Sets ~~are~~ available, programmes are available for those sets in fair numbers. How long can we wait?



MR. OUIMET: Frankly, I don't think we can wait because, there again, we will have difficulties in terms of a million people, about half of our viewers are now receiving those colour broadcasts from the United States.

THE CHAIRMAN: I can tell you now there will be at least one in that million who won't be buying a set.

MR. OUIMET: I am not saying they will buy sets immediately but they will be served by colour and, obviously, having bought sets they will try to get the programmes and will be very much interested in colour broadcasting which will make it even more difficult than it is now.

Now, there are other arguments on this, given to you by the manufacturers that I am not in a position to assess clearly but they claim if we don't make an early enough start in colour it may mean they will not be in a position, in a competitive position, to manufacture sets in Canada. In other words, by the time they are made in such great quantities in the United States and the cost will have really come down there may be no incentive in Canada to manufacture them here. So, there is that aspect of it, that is not of direct concern to us as a broadcasting corporation but which, perhaps is something to be considered in the total picture.





By the way, there are two things I should mention. There will be a lag between the day of the authorization to go into colour and, of course, the day we will be able to give colour.

THE CHAIRMAN: What sort of lag?

MR. OUIMET: It depends. If we are going to transmit American colour programmes coming from the United States on the network, this may be a six months lag, but in terms of being able to provide films it may be of the same order, perhaps slightly more, but to be able to provide any live Canadian colour programme then we have to equip new studios and this is a lag of an order of two years. A full complete year from the go-ahead signal. This seems to me a little short, off-hand. I would like to consider this one. Of course, that is assuming we have a new studio all ready to take the equipment because it takes more than that to build a new studio.

THE CHAIRMAN: The new studio you are building in Montreal will be equipped to take colour?

MR. OUIMET: This is the one that Mr. Gilmour is thinking of and that is the question -- whether we should equip it for colour or black and white but if we equip it for black and white it means we have to change and equip it for colour.



There is another very important consideration we should bring up and that is what I have mentioned before. We can save money, as we did in black and white, by not starting until well after the United States. You save obsolescence of the receivers that the public buy. You save obsolescence of the broadcast equipment that we need as broadcasters. But, on the other hand, it makes it a very tough job to start much later than the United States in terms of training our people for production, our technicians, and so on. So, I wouldn't like to see us start very much later than the United States because then we will have very much difficulty to catch up with them because they will be experts in producing colour programmes and we will still have years of training before we can provide our best effort.

THE CHAIRMAN: It is not unmixed --. Supposing they have done a great deal of training and equipping you can surely tap into that and draw on that?

I wish I could agree with you, Mr. Chairman. Actually, it takes so many years for a man to become a good producer. It will take him less time, of course, if he is a good producer in black and white to learn all the tricks of colour and it will take him years, even if we sent him to the United States to



look into what they are doing there.

THE CHAIRMAN: But he will learn the tricks easier if someone else has developed the tricks than if he has to develop them himself.

MR. OUMET: To a certain extent and, again, we have one of those questions of degree and measure. I think there is some advantage in not pioneering. First of all, the great advantage of not having to make those expenditures but, I don't think, we can wait too long. I think we have to come in reasonably close after the others.

THE CHAIRMAN: What would the cost be, say the first year you move to 10 per cent of colour?





MR.OUIMET: We are talking about operations generally, and over the years we have made the assumption based on a great number of considerations, after consultation with the United States, based on their experience, and we have provided for 25 per cent more in our operating costs to do colour as compared to black and white. This is for any good programme, so, therefore, if we have ten per cent of our programmes in colour this will mean actually ten per cent of this 25 per cent, which will mean two and a half per cent more per year from year to year for ten years until you get to 25 per cent more. I should point out that this sort of assessment is a most difficult one to make, and I can only hope that we will come out as well as we did on the \$15.

COMMISSIONER STEWART: On the basis of present day costs, what do you think the capital expenditure would be to put in colour?

MR. OUIMET: We do not have this information in this form. We made projections and estimates assuming that many different factors would act simultaneously, providing for the extension of coverage at the same time as we are extending hours, at the same time as we are extending colour. Therefore, the capital cost that we have there covers not only the colour costs but the added facilities to provide the new programmes for the extended hours, and also for a number of other factors. We could extract this information but it would take quite a bit of time;



I could not do it for either today or tomorrow.

THE CHAIRMAN: In other words, you have given our financial advisers the figures that include the colour capital costs as well as other capital costs for the developments which you have in mind as being desired?

MR. OUIMET: That is correct.

THE CHAIRMAN: Have you any other questions on this television development itself?

MR. COYNE: Not directly; I have a number of other questions which I would like to bring on perhaps near the end after Mr. Dunton or Mr. Ouimet has made their complete presentation.

THE CHAIRMAN: We have been talking about television extension, coverage and service and colour and the like; would this be the proper time to move on to something on radio, or would you prefer to go on with any other statements you have to make, Mr. Ouimet?

MR. DUNTON: I would like Mr. Ouimet to speak briefly on some of the aspects of management and commercial operations of the Corporation. When would you like that?

THE CHAIRMAN: I think that certainly the questions we have on this radio business could better be left to more or less at the end because our primary responsibility is television, but we are also looking at radio in the light of the development of television. I suggest, Mr. Ouimet, if you are ready you might go on with the question of commercial operation, management, staff, and





that kind of thing.

MR. OUIMET: Mr. Chairman, I will not attempt to deal with the same specific charges or criticisms that might have been made in some of the submissions to the Commission regarding the management of the Corporation. I would like to deal with this in a general way by saying that there seems to be in certain briefs a sort of presumée assumption that the public servant is less efficient, less business-like than his counterpart in private business. Having had the pleasure of hearing a well known man deal with this assumption at a conference where you attended, Mr. Chairman, I feel that I do not need to give any time to the debunking of this assumption.

THE CHAIRMAN: You should never pay too much attention to these casual remarks, Mr. Ouimet.

MR. OUIMET: I think I owe it to our staff to say that the Corporation is proud of them. We have a staff of over five thousand strong which has been carefully selected amongst the best candidates to the broadcasting profession. I believe that the development of our television service, which, as far as we know, is unparalleled in any other organization in the world, and which has made a fourfold increase in our operations, and, unfortunately, in our expenditures also, and a fourfold increase in our staff in so many years, we have increased fourfold all around in four years, and I think this is ample testimony of the initiative of our organization, and I think also of the confidence of our staff. I do not mean to imply by this



that management think everything is perfect in the CBC; there is much that can be improved, we must admit that in meeting the challenge of television, that is, its extraordinary popularity in this country, we have had to go to first things first to concentrate on essentials and leave much for future operation. Our first efforts have been necessarily concentrated on providing the programme service and providing the immediate programmes needed for that service in providing for the essential financial control in adopting, and this is a very important point, in adopting the structure of the Corporation to its new size. It is only recently that we have been able to give attention to some of the refinements necessary in our methods and to the streamlining of our procedures; in other words, to tidying up, which is always necessary after a major break-through, to use a military term.

Now, there have been certain specific remarks about our commercial activities; it has been suggested by some that we were too active in the commercial field, competing unfairly with private enterprise. Others, on the other hand, have said we were not active enough, that we were not aggressive enough, that we were not business-like in doing business.

THE CHAIRMAN: Not commercially minded is the way somebody put it.

MR. OUIMET: In one other aspect of our commercial activities we are criticized by sponsors for not being sufficiently receptive to their





suggestions in programming. We are criticized by others for accepting undue influence from the sponsors in our commercial broadcasts. I think these criticisms are more or less self-neutralizing, but I think it may be helpful to the Commission if I outline what our policy is in this respect. First of all, there are certain categories of programmes for which we do not accept sponsorship, that has been a matter of policy for some years, and this policy management has been following. These categories are programmes like news, religious broadcasting, school broadcasting, opinion broadcasting. First of all, on programmes where we do accept sponsorship in radio and television, it has been somewhat different. In radio there are facilities and our staff required for a sponsored programme is on a relatively small scale we have permitted the sponsor to bring in the producer to work closely with a supervising producer of our own on the job.

THE CHAIRMAN: That is in radio?

MR. OUMET: That is in radio. In television because of the complexities that we outlined this morning we produce all programmes ourselves and retain full control of its contents. In television the only difference between a commercial programme and a sustaining programme is in the first instance a sponsor is allowed to associate his name and his commercial message with the programme. The CBC exercises some measure of initiative and control over all programmes, whether sustaining or commercial. This does not mean,





however, that the Corporation does not welcome criticism and suggestions for the improvement of the programme. It must retain, however, final judgment as to whether the suggestions can be accepted or not. Thus, we often accept suggestions from sponsors and frequently also have to reject suggestions from sponsors when we think that such suggestions may not be acceptable in the light of our overall objectives. Thus, while it is correct to say that the sponsor may influence the content of a programme, in the opinion of the Corporation the suggestion is desirable, it is incorrect to imply that the sponsor may influence the content of the programme if it means a compromise, and I am using the word in a bad sense, of our principal objectives.

Now, the relations between sponsors and our producers, with the Corporation, is a complex one, and they contain a certain element of selective judgment, and for that reason I would hesitate to claim that all the good suggestions of the sponsors have been accepted and all the bad ones have been rejected. This is obviously an area where personal opinion can play a very important role. In any case, you will readily understand that the sponsor whose suggestion has been rejected will find it is a rather extraordinary way of satisfying a client whose money, in his opinion, the Corporation should be glad to get in any case. Similarly, it is very difficult for a sponsor to see why we might refuse the sponsorship which he offers on a certain



type of programme when we are presenting a sustaining programme like Press Conference or Citizens' Forum; he simply thinks we are presenting the wrong kind of programme and the right type of programme would be his own. So, I am not surprised that in the eyes of sponsors some times we appear to be unbusiness-like because we have many other considerations to take into account than purely business considerations.

On the other hand, within the policies which we operate under, if there is a programme that is available for sponsorship, if it is in a category that can be sponsored, I am sure that our commercial people whose job it is to sell programmes do their very best to obtain a sponsor for that programme.

-

.

-

-

-





I do not mean by this that we could not tell our commercial department to go after more business than they have in the past. The question is whether the extension of our policy in that direction would be a desirable one.

I have said this morning that we don't always use all the spots that we can possibly use, and we have thought that in the interests of good programming we should not take advantage of the full limit of our present regulations, but there are ways of being more aggressive in that sense. This has been more a matter of policy than a matter of staff behaviour.

THE CHAIRMAN: Well, let me see if I understand you. You say that while regulations will allow you to sacrifice spots to good material, the CBC has considered what is acceptable and is good programming and has decided only to sell say three spots instead of four -- is that the kind of thing that has happened?

MR. OUMET: Well, that kind of thing and also the fact, for example, that we carry no spots on Sunday. We don't always crowd the interval between two programmes with the maximum number of spots you could possibly squeeze in between. We use fewer spots. We prefer one spot to say two or three spots.



THE CHAIRMAN: This may be an impossible question to answer, but have you any estimate as to the amount of added revenue you could get if you did use up to the full limit of the regulations?

MR. OUIMET: I have no recent estimates but I could state that it would be a fairly appreciable amount.

THE CHAIRMAN: So that the extra amount, whatever it is, could be obtained presumably if it were successful in being sold.

If you went straight up to the full amount of the limit of the regulations, which is not being obtained at the moment, because you feel it would degrade the level of your programmes, is that it?

MR. OUIMET: It has been a matter of policy -- I believe this is what our board has decided.

MR. COMMISSIONER TURCOTTE: Are you currently making the most of your possibilities on television as opposed to radio?

MR. OUIMET: We are taking greater advantage, --

MR. COMMISSIONER TURCOTTE: Within your own regulations, I mean?

MR. OUIMET: We are taking greater advantage of the commercial possibilities on TV than we are on radio. We carry spots on TV, we don't on radio.



MR. COMMISSIONER STEWART: We have heard when we were in Edmonton, from an Edmonton station or a Calgary station that appeared there, the opinion that your advertising charges were lower than they should be and that they operated to the detriment of the private stations. Is there anything you would care to say on that subject?

MR. OUIMET: I think that our advertising charges are discussed, as all other station charges are discussed, on a sub-committee with our affiliates.

MR. COMMISSIONER STEWART: Well this was not an affiliated station, if I recall correctly.

MR. OUIMET: Oh, I thought it was a TV station.

MR. COMMISSIONER STEWART: No, this was radio and it came up in Edmonton -- I think perhaps I have that information here -- --

MR. OUIMET: All I can say to this is that we don't think he is right -- we think our rates are proper.

THE CHAIRMAN: It is like taxes-- there is no proper rate for taxes but at least it is all you can get.

MR. OUIMET: It is a question of what the traffic will bear. We try to adjust these things at such a level that the total revenue will be the highest possible.

MR. DUNTON: Perhaps we could remind you of the brief which you received from the ACA which said that our rates were too high.





MR. COMMISSIONER STEWART: I think it was Mr. Gates in Edmonton who said that the CBC doesn't have proper scales of advertising charges and that the private stations suffer the CBC could charge more if they wished.

MR. DUNTON: Could I speak on that subject for a minute. I think he is talking about radio. We don't generally take local business but, there has for years been a run of discussion that has gone on about the difference between what are called selective rates, that is rates for national business based on the single station basis, as against the network rates. You do sometimes find a disparity between what would be charged for a station on a network basis and what it might be charged on the so-called selective basis. You will find the same disparity again in the United States -- it is much wider. There are all sorts of figures and considerations that go into setting the over-all network rates where you are in effect just about forcing the sponsor to take a whole array of stations right across the country. It is quite different from when he can pick and choose which markets he is going into. These considerations work in Canada partly in relation to the public interest or on behalf of the public interest but, they also work in the States. However, quite a lot of the same considerations come into the setting of individual station rates and network rates. As I say, I



think you will find if you ask the advertisers that they will say the Canadian network rates are high in especially in relation to population in some regions.

MR. OUMET: Mr. Chairman, I would like to add something to what Mr. Dunton has already said. When we sell a network we sell total coverage of that network, but we cannot sell more than that, so that if individual stations on the network overlap, we cannot charge for that overlapping. When you sell a station, however, you sell the whole coverage of that station, so that the total coverage of a network is less than the arithmetic sum of all the individual stations on the network.

MR. COMMISSIONER STEWART: Naturally, but still I would think there would be some relationship between network charges and your local charges -- somewhere.

MR. OUMET: Oh yes, there are.

MR. DUNTON: You will find the relationship.

There is another thing under the Canadian system which I believe is often forgotten and that is that the CBC makes both the network charges in respect of station time, stations using that network, and also inter-connection charges which are often even higher. Further, the station network will vary and on top of that there is the usually fairly heavy charge for





inter-connection facilities. In the United States it is a fact, I believe, that these two are combined as a matter of commercial tradition.

THE CHAIRMAN: On this question of sponsorship, let us take television in particular, I think you told us last spring that speaking generally, you don't recover the full cost of production of your commercially sponsored programmes?

MR. OUMET: This is correct.

THE CHAIRMAN: Am I right in thinking then, that is something in the order of sixty per cent that you do recover?

MR. OUMET: It varies according to the cost of the programme. If it is a moderate cost programme then the sponsor pays the full cost but, if it is a very expensive programme, the discount may go down to fifty per cent.

THE CHAIRMAN: Well, the thing that is bothering me is how do you select these advertisers to get the subsidies.

MR. OUMET: How do we select them? They select us I would say, they come to us to advertise, or their agencies who are the intermediary between the sponsors and ourselves. The agencies are always trying to find out whether we haven't got some programme to sell and we work with the agencies, telling them what programmes we have to sell, and somebody, the sponsor and the CBC, have to sit down and discuss these things and to go through their agency and



to make a decision as to which one.

THE CHAIRMAN: But I am still concerned as to this. You are putting on a programme, for example, which is sponsored by a motor-car company say, and in the result, looked at from one point of view, you are putting on a programme that is desirable to get out to the people of Canada and you are succeeding in getting sixty per cent of your cost of production from the advertiser -- or the motor-car company. However, looked at from the other point of view, you are giving the XY motor company a ten thousand dollar programme for six thousand dollars.

MR. OUMET: Quite.

MR. DUNTON: If I may answer, Mr. Chairman, very briefly, those are the kind of sponsors who are very hard to find. The ones we can persuade to associate themselves with Canadian production, because they are the ones who pay the big money. The ones who are allowed to associate themselves with American programmes are the ones who get away much cheaper and they are the ones who are relatively easy to find. The man, to put it very roughly, who is penalized, is the advertiser who is in the more favourable position financially, and is the one who is paying five or six thousand dollars as you say, to associate themselves with a Canadian production.

THE CHAIRMAN: Yes, that may very well be, but may it not be possible that your time would get all filled up with a soap company,





a motor-car company and a tobacco company, and there would be certain other soap companies, motor-car companies and tobacco companies who would like to get on some of these deals and there was no time available for them.

MR. DUNTON: That may be. That time may come and we would like to see it come. I think our people would be very fair, but it is very difficult to find the sponsors who have the amounts of money required to associate themselves with Canadian productions. There are at least two or three as you know, ones with very large audiences, which are regarded as very successful programmes and which have sponsors who, for two or three reasons, have found that they couldn't afford to keep paying for them.

THE CHAIRMAN: What would you imagine would be the result if you were to make a ruling tomorrow that if the programmes are going to be sponsored, the sponsor would pay the whole cost of production?

MR. DUNTON: I can give a guess and you can ask Mr. Ouimet, but I would say we would lose probably eighty per cent of the sponsors. The sponsors couldn't keep it up. What is your guess, Mr. Ouimet?

MR. OUIMET: I would put it higher than that. Again we are talking about programmes where the discount would be considerable, I don't know how to answer that, how much cheaper the





price would be.

THE CHAIRMAN: Quite. But do you mean to say this is the only term on which the advertisers could get on to television?

MR. OUIMET: I think the question is that television is a medium of advertising which must be competitive with other media of advertising, although television is getting a greater impact, it costs a very great deal more money. You still have to relate the cost per thousand homes reached in TV with the cost per thousand homes or whatever it is, in newspapers or other means of advertising, and you have received from ACA a brief which states that our costs are too high now, in comparison with the other media. We don't agree that their figures represent the actual comparisons, but we agree that we have to stay within competitive range of the cost of other media, and I think that that is the whole thing. If we charge too much, even if there is no other station available that they can go to, they can always go and spend more money in newspapers, magazines, billboards, or any other media.

THE CHAIRMAN: The thing that is bothering me is, how it is possible to ever know whether you are charging enough?

MR. OUIMET: How do we know when we are putting on a rate for a football game that we have got the right price, and that if we went a little higher we might not get it. It



is one of those matters of communication which is based on experience, how many of the sponsors we have lost in the past where we were trying to get more than they were willing to pay.

- - - -





THE CHAIRMAN: Take your football games; when you make a contract for, let us say, the Big Four football games, if you buy the rights, you give it to the sponsors afterwards?

MR. OUIMET: Before, in the first two or three years, we did, but this year we got competition from agencies, and then we dropped out and let them buy the right, and then we carried the game. In this case we just didn't compete with agencies.

THE CHAIRMAN: Well, you carried the game. Doing it this way would cost you less or more to put it out to the people of Canada than doing it the other way?

MR. OUIMET: It cost us less and we made more.

MR. COYNE: You charge for the station time?

MR. OUIMET: We charge for our facilities, and they bought the rights to the game.

MR. DUNTON: It is not always understood that it is a matter of general policy or objective of the Corporation that where advertisers pay the full cost to us of any sporting event as opposed to talent things, that has not always been possible. At times the management has had to say, "Get the rights to an important football thing", and on a few occasions we haven't been able to recover the full rights.



THE CHAIRMAN: That is the same as any operation where you buy something and expect to sell it at a profit.

MR. DUNTON: The policy is to get it all back.

MR. OUIMET: Mr. Chairman, you know in trying to negotiate for the sale of a programme we go through a period of discussions and argumentation as to the cost, as to what the programme is, and we know pretty well when we have lost a sale, and we have a pretty good idea why we have lost it, and it is based on that experience that we either raise or lower our sights in our prices, although I must not give the impression that we change in any season and make special deals all over the place. These prices and discounts are a fixed arrangement which applies over all, generally, for that category of programme.

THE CHAIRMAN: I was going to ask you -- I can understand that an arrangement for a production of a relatively small production, you may get the full price back, but on the big spectaculars, you may not get so much, but you cannot possible set a fixed amount and say, "We are going to get 16 per cent this year on all programmes"?

MR. OUIMET: We have a sliding scale which applies this year, which goes something like this: I haven't got it in front of me but



it says, any programme of \$2,000 and below, no discount -- something like that -- and any programme above \$10,000, which is carried all year round, or carried over the whole network, will get a maximum of 50 per cent discount.

THE CHAIRMAN: So you don't really try to get the full price of your programmes. You establish at the beginning of the season a discount arrangement for the programme of, say, 15 per cent, and all you go out for is selling that --

MR. OUIMET: Yes, but this is the discount which we think is the least necessary as an average to get business. Otherwise, we would be making deals with each company in which case we would say, "Take it; you can have it for 40 per cent", and the other fellow would say, "We will let you have it for 60 per cent", and we would be in the greatest trouble with our sponsors who would accuse us of making separate deals with each company.

THE CHAIRMAN: Why don't you put up your programmes and let people bid for them?

MR. OUIMET: I don't think that there are many in line, as Mr. Bushnell says. I think it is more complicated than this.

THE CHAIRMAN: I don't want to oversimplify it, but here you are starting out with a policy with any programme that costs \$10,000 to produce and you are going to try to get \$5,000..





MR. DUNTON: I think our management would consider themselves lucky if they could get the five. The problem is to get the five, not to fend off the people fighting to pay five.

MR. OUIMET: Certainly. I think it would be very, very difficult to work on any other basis. As a matter of fact, we have been criticized about dealing with the sponsors, that we were making special deals with some rather than with others, and this formula has been developed because of this, and I don't think that a programme is such a fixed sort of commodity to sell, and that we know sufficiently ahead of time just what it has to put it to the highest standard -- at least, not as a general practice.

MR. DUNTON: There are two or three going right now.

MR. COYNE: I suppose one way would be to not spend the \$10,000 but spend the \$5,000 on the programme, but would it follow in that event you would not even attract the 5,000 because the programme would not be good enough to attract an audience?

MR. OUIMET: It would not be that kind of programme. We would be changing the programme around, and instead of having theatre or drama, it may be a participation show for \$5,000. If we cut our drama cost to half, I don't think it would attract anything.



MR. COYNE: Any sponsor's money?

MR. OUIMET: Any sponsor, or viewers.

MR. DUNTON: Remember, all the time we are trying to serve the Canadian public.

THE CHAIRMAN: The thing that is bothering me, and which lies behind these questions, is the fact that if your policy were to go out and produce programmes which you could sell at cost, or sometimes make a little profit, you have got a fairly firm yardstick to know where you are. This other method does seem to involve you in all kinds of complications and uncertainties and lack of incentives.

MR. OUIMET: There is a real incentive because they are very hard to sell even with that discount.

MR. DUNTON: Remember, Mr. Chairman, we are only talking about payments in connection with programme costs. Any advertiser coming on the network on an imported programme or not pays a large amount for network time. There is no difference.

THE CHAIRMAN: I understand that. I am talking about programme production costs. Do you think you would not in the long run be better off if you said, "This is a commercial business and we will operate on commercial lines, and we will sell to a sponsor --

MR. DUNTON: I give my personal assurance





they get several million dollars less going into the support of Canadian programmes.

MR. OUIMET: That is the real problem. It is better to get what we get than having perhaps a better system but getting a lot less. It is awfully difficult, as you said before, to make sure that in any given case you have really extracted the maximum that somebody would be willing to pay. It is very, very difficult but we try to get as near as possible to it in selling these discounts, and as the number of sets increases in the country and there are more viewers, therefore the cost per thousand tends to drop, and then we think that we should increase our costs or, rather, decrease our discounts on these programmes, but whether we will be able to come to the stage where we could charge the full thing on the more elaborate programmes, I have great doubt. We will try it gradually.

MR. DUNTON: This reminds me that these very commercially-minded people in the American networks do the same thing. With regard to some of their very important programmes, for reasons of policy or prestige, they want to put them on and they don't recover the full amount from the sponsor. They have through the years recovered all the money in their general operations, but they do to quite an extent --



THE CHAIRMAN: I can understand that any broadcasting system will have its loss-leaders, but they do, I think, in their overall programming operations get back the amounts which they have put out, plus a little profit.

MR. DUNTON: This gets back to where we started this morning about the economics of broadcasting. We agree with the Canadian Association of Advertisers that Canadian advertising in general does not support any substantial amount of production as against the importations. That carries over into the commercial operations, and facing that pressure our management still tries to get the maximum amount, and it is all directed to that purpose.

COMMISSIONER STEWART: I may have got a wrong impression, and I think probably I did out of one of Mr. Ouimet's replies to the Chairman, but I got the impression it is usually the agents who come in to see the CBC about programmes they want to put on the air.

MR. OUIMET: Rather than the sponsors, yes.

COMMISSIONER STEWART: Well, it left the impression in my mind that the CBC does not go out to try to sell.

MR. OUIMET: We are in contact all the time with the agencies. In other words, it is not a question of starting today and saying,



"Let us send a number of salesmen around". We are at it all the time with the commercial representatives of the CBC and the agency representatives practically living with one another, and who goes to see whom is not too important in this case.

COMMISSIONER STEWART: I wanted to clear that up because I think a reading of the transcript may have left that impression.

MR. DUNTON: The general manager was at work on a big sale the other day.

MR. QUIMET: Yes, and I lost it.

THE CHAIRMAN: Well, at that point we will adjourn until tomorrow morning.

---The Commission adjourned at 5 p.m. until 10.30 a.m.

- - - -





ROYAL COMMISSION  
ON  
BROADCASTING

HEARINGS

HELD AT

OTTAWA, ONT.

OCTOBER 12, 1956

v. 48



ROYAL COMMISSION ON BROADCASTING

Ottawa, Ontario,  
Friday,  
October 12, 1956.

PRESENT:

MR. ROBERT M. FOWLER	Chairman
MR. EDMUND TURCOTTE	Commissioner
MR. JAMES STEWART	Commissioner

- - - - -

MR. JOHN M. COYNE	} . Counsel
MR. A. J. de GRANDPRE	

- - - - -

MR. PAUL PELLETIER	Secretary
--------------------	-----------

- - - - -

FINAL SUBMISSIONS:

CANADIAN BROADCASTING CORPORATION

Mr. A. D. Dunton, President

Mr. J. A. Ouimet, General Manager

- - - - -





Ottawa, Ontario,  
Friday,  
October 12th, 1956.

---The Commission resumed at 10.30 a.m.

- - - - -

THE CHAIRMAN: Mr. Henderson, have you some filings for us?

MR. HENDERSON: Yes, I have a letter which has been prepared in response to a request of the Commission that we set out various discussions and negotiations that took place between the representatives of the Canadian Association of Broadcasters, as it then was, and the CBC and the Government.

We have a letter dated October 11th, 1956, over the signature of Mr. Allard, the Executive Vice-President of the Association, which we would like to file.

THE CHAIRMAN: Very well; I will give that a number and it will be Exhibit No. 319.

---EXHIBIT NO. 319: Letter dated October 11, 1956, over signature of Mr. Allard, Executive Vice-President, CARTB.

MR. HENDERSON: There are certain exhibits attached and I have copies in the event that it may be of assistance to other members of the Commission.

THE CHAIRMAN: Well, I do not think we need go into these now. The letter looks as though it were quite clear, setting forth the matter of Item No. 14 in the brief, Exhibit 312.



MR. HENDERSON: That is right; it is addressed to that statement, and the statement is quoted at the beginning of the letter, and then the material upon which that statement is made is later documented in the letter and those are copies for each of the members of the Commission, and I have left with the Secretary additional copies so you may have as many copies as you require.

In addition, there was a question asked by Mr. Coyne during the course of the presentation of the CARTB. I believe the question was asked at page 7423, relating to another statement in regard to capital investment of all the stations. I have a letter in answer to that question; I believe we undertook to provide that information, and I shall leave that with the Secretary as well.

THE CHAIRMAN: Is that one you want to have marked?

MR. HENDERSON: I think not. By the way the question was asked and the nature of the question itself, we will leave that up to the Commission.

THE CHAIRMAN: As I recall, there was some mention of \$44 million of capital investment, and this is the way it is worked out?

MR. HENDERSON: Exactly. We were asked how that was computed, and that is the statement in the letter I have filed.

THE CHAIRMAN: It may be our financial advisers may want to go into this in great detail, and if so, it is open for them to do so.





MR. HENDERSON: Yes.

THE CHAIRMAN: Then, is there anything you would like to say about networks as to, not what took place in the past, but as to the present attitude of CARTB on the question of networks?

MR. HENDERSON: Well, we have not given that aspect of the matter any consideration in preparing this letter. I believe our position as already presented is that a regulatory board should be recommended by this Commission; we feel that our case is sufficiently strong that we are prepared to present it to the regulatory board for consideration on its merits. In other words, we are not asking this Commission to recommend a network; we feel our case is one that ought to be presented to a regulatory board and justified on the basis of operating problems because it deals with operating problems and perhaps is not within the purview of this particular Commission which is dealing with larger matters. So, it is our position in respect to networks that we be given the opportunity to present a detailed case on the merits before a regulatory board, and that is why we are not asking in these statements to this Commission that a recommendation be made. We do feel that we are indirectly doing it by asking for the regulatory board.

THE CHAIRMAN: But you are, for instance, making a request that this Commission deal with the second television outlet?

MR. HENDERSON: Oh, yes. Having asked that from a television standpoint, we have made a





positive request that the single channel policy be no longer the policy with respect to television and that there be competitive television in Canada.

THE CHAIRMAN: But you have nothing further to say as to whether there is a separate regulatory board or not -- the private broadcasters would like to have a network; there is nothing further as to that?

MR. HENDERSON: I have nothing further to submit on that. I had not intended to say this, and I have no mandate to say this, but while I am on my feet and being asked if I have anything further to say, I should say this: perhaps during discussions of this kind there are certain emotional matters that come up in the various antagonisms to a point of view, and we on our side deprecate any tendency to create a problem in our relationships with the CBC. We recognize, as I am sure the CBC does, that we are going to be working together for a long period of time, and perhaps these hearings should not end without our saying, as we have said, that we have in the operational sphere clearly cooperated, as testified by their own evidence and by our own evidence, that we have been able to cooperate fully. It is perhaps on the matter of principle that we have come to clash at the level of regulations, and certainly we look forward to continued operation with the CBC because we are hopeful we will be in the field together for a long period of time, and I think perhaps statements made by both parties in this atmosphere of debate will be



overlooked in our cooperation in the future.

THE CHAIRMAN: Thank you, Mr. Henderson. Just one question about this network problem. When we were out West I think we were told on some occasions the French stations had applied for a formation or some network arrangement in the West and had been refused; do you know anything about this?

MR. DUNTON: I would say one thing to start with, that there has been a regular network among the French-speaking people in the Province of Quebec for a number of years, and there is a problem of coverage there. My memory is, and perhaps the management will remember, that I think the CBC itself had an idea of perhaps trying to help the stations, the French stations in the West at certain times, letting them use lines for common programmes among themselves. I do not suggest we got very far; I do not remember any formal request to us. I think, in any case, it was a question of CBC lines being used for it, not permission for them to pay for a network.

THE CHAIRMAN: I think it was in Edmonton that Dr. Mousseau said that the four French-language stations in the Prairie Provinces had sought permission to operate a network for themselves, and this was refused. Is there any light you can throw on that?

MR. OUMET: From memory I cannot recall any instance of this type. We have at times arranged for subsidiary networks between the two French stations in Saskatchewan; I think this is done on special occasions. Now, there was, I think,





some request at some time for the CBC to connect these stations or special broadcasts of their own, and this may be what they are referring to.

MR. DUNTON: I checked my memory and that of the Secretary of the Board, and there is no formal request for a hookup for which they would pay; I am quite sure of that.

COMMISSIONER STEWART: When we were in Fredericton Mr. Neal, the owner of the station there, advised us that when a network is proposed by a group of private stations, CBC steps in to make the arrangements, collects either by themselves through the private stations the advertising fees that have been arranged and then proportions them out among the stations participating in the network. Now, if that is the case it looks like a very cumbersome system to me and a certain amount of cost to the CBC in doing it.

MR. DUNTON: In no way discrediting the system that formerly existed for years, there was a procedure and I think it worked pretty satisfactorily. Now, when there was a request for a subsidiary hookup the CBC did what they usually refer to as setting up, made arrangements with the wire line companies, provided the lines at a cheaper rate than could usually be secured from the wire line companies and handling the billing to sponsors, the money, of course, going back to the stations. I do not think the CBC lost any money on it.

COMMISSIONER STEWART: If that is the



case is it not a rather cumbersome procedure book-keeping-wise that you have to do all that book-keeping and only for the purpose of disbursing some money, none of which goes to you?

MR. DUNTON: Whether it was or was not, I think the evidence is before you we stopped this last June, and stations since then have been free to deal with the wire line companies themselves and deal with the sponsors themselves.

THE CHAIRMAN: Well now, where had you reached yesterday, Mr. Ouimet? Had you completed what you had to lay before us?

MR. OUIMET: Yes, as far as my own presentation, but I am here for questions.

THE CHAIRMAN: Well, we have a number of questions, and I think we are getting down to the stage now that there is not too much logical connection between the various headings but there may be some general things you would like to deal with now.

MR. DUNTON: There is one very brief additional statement I would like to make.

THE CHAIRMAN: Do not rush; there is no intent to hurry you.

MR. DUNTON: It would deal with what we think is an extremely important aspect of the questions before the Commission, and in part arises, I think, according to my understanding, from the assumption you, Mr. Chairman, made in closing the question late yesterday afternoon. I know it was an assumption for the purpose of making a question; I am not reading anything into it, but



I understood you to say something to the effect of taking for granted that we now have a national service that is satisfactory or good or adequate, something along those lines. We would just like to say a few words about that.

The Commission will be taking a very careful look at the national service as it is now, and assessing it very carefully, assessing it according to its contribution or lack of contribution to the national life, what it is doing, if it is trying to do too much or too little, and whether it has been successful in what it is doing.





MR. DUNTON: And assessing it pretty carefully, assessing it in terms of its contribution or lack of contribution to the national life, as it is doing. For example, if it is trying to do too much or too little or whether it has been successful in what it has been doing. We would just like perhaps to re-emphasize and re-state the current assessment of the Board of Governors, which we mentioned to you last May. The Board has as its duty the representation of the public and in so doing, tries to more or less continually sit back and assess the services in terms of what it is doing for the public.

To sum up, we feel that the service has achieved great things. We feel, as we pointed out, that we are very proud of what the CBC and those working with them have done in the last four years in television. We also feel very much that this is by no means a mature service. It is only four years old after all. I think, personally, it is just out of its childhood -- it is probably only in its early adolescence rather than its late adolescence. It is a service, as Mr. Ouimet explained yesterday, that really has not had a great deal of time to consider carefully, to weigh thoroughly. There are all sorts of developments still going on within the service. There are new ideas being considered and that sort of thing, and we feel in our view, it is



not a mature service that should be considered as such and of which it can be said "well this, in effect, is all right for some time ahead". I am not speaking in any way now of the questions discussed at some length yesterday -- the extension of hours -- the service -- the technical developments or other things, but of what you referred to and what is generally referred to as the current national programme service. Our judgment is that it is good, in brief, but not good enough in Canada.

We are looking at it, I hope, quite objectively. For instance, we feel, looking at the English language service, it really isn't good enough for the percentage of Canadian material to be only a little over half as it ~~is~~ today; it varies a bit, but that is approximately what it is.

As you went around the country I think your Commission heard many many requests from different bodies and different people for additions to the service of various kinds of things which they would like to see improved or added to the service.

We know perfectly well that all this just isn't going to be in the realm of reality --- to meet all these demands or even a large fraction of them.

However, we do suggest that all the weight of the evidence is that there is in general, a very wide-spread feeling that





Canadians want more Canadian programmes, better television service, and no one is going to get everything that he wants but, there is a widespread feeling that more could be added to it that could be of real use to the people. We have tried to reduce it a little more specifically, and I am now speaking about the eight hours we were discussing yesterday. We think it would be well through the years, and very important, to be able to replace some of the imported material -- some of it not very good quality material, by some Canadian material of different kinds. We are not just thinking of what you might call high-brow or great service material, but some of the programmes which may have a pretty solid contribution even in the lighter field. We feel it is important; as some witnesses have said to you, that even some of this lighter material is done in terms of Canadian values with Canadian references.

I think witnesses have spoken to you about listening to a lot of the lighter programmes which naturally have a non-Canadian atmosphere and a non-Canadian reference and thereby knowing more about the situation in other countries. They know, for instance, more about the way in which the United States law courts work and that sort of thing. Now, there is nothing really wrong in any way with that, except that we feel a great deal could be done for the development, in a perfectly natural way, of Canadian consciousness



to see different kinds of programmes, even not very serious, comedy, fairly light material and so on, but referring to the way people live and the way people think and the way people act in the institutions of Canada.

We are not thinking of anything very big here. We think we might well be able to say, replace five hours a week of imported material with Canadian material of different kinds. Some of them light and some of them of more specific value. But, again, the great emphasis has been put before the Commission, perfectly naturally, upon what production should be in the sense of performance of created work, and entertainment in the wide sense, not just opera or Shakespeare, but other things. However, I would like to say that one of the things that television could do best, in my opinion, is to show the people of Canada how the other people of Canada live and what is going on all through Canada. This type of programme is perhaps a little expensive as a form of programming as a rule -- some things you can do fairly cheaply, but I do feel that superb things could be done on television showing Canadians in all parts of the country very specifically what is going on in Canada.

We have done a certain amount in this way, for example, one little illustration I could give you would be a programme a week ago





Sunday when micro-wave opened up between Winnipeg and Quebec. I personally was quite thrilled with that programme. It was quite a technical achievement apart from the mere fact that you were seeing a number of different Canadians, English-speaking Canadians in Toronto and Ottawa, French-speaking Canadians in an apple festival or fishing, French-speaking Canadians in St. Boniface and other places, new Canadians and their children coming from other countries, and you could imagine what sort of Canadians they were going to be. I thought it was a very thrilling thing. I have not seen the costs on this programme, but I imagine the out-of-pocket costs on a cost accounting basis will be pretty high because of the technical things involved. There would, however, be very little talent fees. The people were not of great talent but they were live Canadians doing what they happened to be doing that Sunday. I suggest that that is an illustration of one kind of thing that can be done well on television.

Another thing that comes to my mind, is that we have had for some time the hope of being able to do a really good series on the Canadian North. We believe that such a series might well be done, which could show the Canadians in the lower quarter of this country, in a way that could not be done by any other means, or with so much vividness, what has been going on and what has been





achieved in the top half of this country. This will, we feel, be of the greatest value to Canada as a whole.

THE CHAIRMAN: I don't want to interrupt here, Mr. Dunton, but I imagine that that kind of thing, showing the people in one part of Canada how the people in other parts of Canada live, would be peculiarly suitable, that television would be peculiarly adapted to that kind of thing. Is it better, or even necessary, to do it live, or is it possible, at less expense and perhaps difficulty, to do it on film?

MR. DUNTON: Oh, by no means. In fact, you wouldn't even think of doing the series on the Canadian North live. Not for one minute. That would have to be done by means of films. I am not necessarily suggesting that the CBC do it. It might well be done by private people or by the Film Board. However, I know that there would be very high costs involved to the CBC, undoubtedly. Again, I want to emphasize that probably a lot of this kind of work would have to be done for technical reasons on films; however, the cost would still be high.

THE CHAIRMAN: This large seaway enterprise, is one of the major examples of the kind of programme you are talking about. And I know there are all kinds of special things about it, it is tied up with the NBC, partly sponsored in one place and not in another. I don't really want to get into too much detail



about it, but I cannot help wondering why that was not the kind of thing that could be very well done on film rather than done live.

MR. DUNTON: Well, that has been a matter of great discussion. There was a lot of discussion inside the CBC and outside. I think it was designed on NBC, although there was a really strong impact. On the other hand, our management have been working for some time on doing this other film series showing how much could be worked out in much more detail and much more carefully. The whole development of the series would be involved and since it is such a large project and would cover such a long period, there are one or two different approaches.

THE CHAIRMAN: I was thinking, not even from the point of view of cost. I would assume that, of course, a visual demonstration of the St. Lawrence Seaway would undoubtedly be something we would all agree would be a good thing, but, if there is some possibility that the producer, the people who are very keen about getting the programme developed, may have the feeling "well, it has to be live -- that is really the only decent kind of performance" and they would, therefore, take the method of doing a good thing, which is more expensive, rather than doing it by any other means.

MR. DUNTON: It might happen. The CBC policy is to do things in the best way for





the lowest amount of money and the management would work on that very seriously. I don't think there is any likelihood of mistakes in that direction, out of the desire to get it done one particular way. I think judgment would vary according to the circumstances, but another thing you mentioned, and I think people don't really understand this, that in many circumstances the cheaper way is not the right way to do it at all. As soon as you start to make a major project on film it means that you have to use either a small film crew or a big film crew. It does not necessarily mean it is cheaper if you use a small crew. A big television crew might be able to do a live programme in a much more efficient way with their equipment, and the costs might work out just about the same. I was mentioning some examples -- --

THE CHAIRMAN: Yes, I interrupted you in some of the things you were saying as to the improvement or intensification of the existing programmes.

MR.DUNTON: Well, I think I have come to the end of the illustrations, but I do want to emphasize that we feel very strongly that from the point of view of the present national service only, which we were discussing yesterday, and not, for the moment, considering all the factors Mr. Ouimet mentioned yesterday about technical developments and the need for more thought or for better



execution of the programmes that we now have, we feel in addition pretty strongly the hope that there will be some strengthening of the general Canadian part of the national service. We think this will be well justified in terms of its positive influence on the national life.

THE CHAIRMAN: Well, now on that, Mr. Dunton, we have heard about these very important points from you that you now do not think we should regard the existing service, after four or five years, as being mature and that we should not say "well, now there it is and that is it; that is the level at which it should remain." We have heard from Mr. Ouimet the suggestion that the hours are likely to be forced back and he wants to have at least a certain portion retained of the national service programme in the extended hours, and then there is the extension from the eighty per cent to something more like ninety or ninety two per cent coverage. Has the CBC got any order of priority? We know all these things are expensive and we may not be able to afford them all. Which is the better to do -- if you have a choice?

MR. DUNTON: It is not easy to say, that will depend a lot on the circumstances, but I would say that the Board's thinking would give very high priority to the strengthening of the existing service.

THE CHAIRMAN: Now, may I stop it there.





Do you mean that you would feel it would be better to do forty hours better and more competently and with more Canadian content, than we are now getting, than to try and do sixty or seventy hours in different types of programming?

MR. DUNTON: I think that would sum up our feeling. I think I would qualify it very quickly, however, by saying, that we feel also as Mr. Ouimet has said yesterday, that there should be an extension of the hours but, in considering these Canadian things, you have to weigh these relatively important points, as to what is desirable and consider the pressure that goes on each of them. We would, I feel, give very high priority to the extension of coverage of about the size Mr. Ouimet was discussing yesterday, partly because we feel the impact of the demand from these people <sup>so</sup> very strongly.

THE CHAIRMAN: But the pressure for extended hours undoubtedly exists, but it could be filled either in terms of national content or it could be filled in terms of local community content, and you can still have the stations operating for the greater number of hours which the people have demanded, without necessarily extending the national service.





MR. DUNTON: Not necessarily, although again, usually the easy way to keep stations operating is not by live broadcasting, but, again, by the imported material.

THE CHAIRMAN: Looking at the national programme you can do it, perhaps in two ways: you can look at that as a sort of package to deal with Canadian content, and whatever is in addition to that may not matter, or you can look at it as a proportion. I take it you meant looking at it as trying to maintain a proportion of national programming within the overall broadcasting?

MR. DUNTON: We think that is very important -- a proportion.

THE CHAIRMAN: I interrupted you on the question of priorities. I know it is hard to do, but we may have to give some consideration to this, because it may be that everything cannot be imported.

MR. DUNTON: I think I have covered the three main things. I think we would give equal first priority to coverage and strengthening of the service, at the same time mentioning very quickly the enormous pressure for daytime operation, and some revision for extension of hours.

THE CHAIRMAN: You give them all the one priority.

MR. DUNTON: Put what I said last, about the extension -- put it after the other two. If we were in Australia, which you have



mentioned many times, I don't think we would be pressing at all on the extension of hours or colour.

COMMISSIONER TURCOTTE: The fact you are not in Australia also brings in the fact of colour?

MR. DUNTON: Yes.

THE CHAIRMAN: I forgot to mention colour as one of the ones that you may have to give priority to. Is that now pretty well a complete coverage of the four headings you outlined several days ago?

MR. DUNTON: Pretty well. I think we kept a sort of reserve heading for possible further references to pieces of evidence put before you by others. In the course of the discussion of the last few days we feel we have covered all the points we think are important enough to your study to mention. Because we don't deliberately pick on a number of others, we are not necessarily admitting that anything anybody said in four months about the CBC is right. We don't think, from our point-of view, it is necessary to draw your attention to particular items.

THE CHAIRMAN: There may be some scattered points that will come up in a rather mixed list which we put together last night. Mr. Coyne, do you want to start?

MR. COYNE: Mr. Chairman, when we adjourned





last night Mr. Ouimet was dealing with the commercial practices of the Corporation. Mr. Ouimet, could you tell us something very briefly about the kind of staff you have in your commercial division and how it is organized?

MR. OUIMET: I think, to give you a full picture of this, I would like to ask our commercial manager, with your permission.

THE CHAIRMAN: Yes, by all means.

MR. OUIMET: Mr. Powell.

MR. POWELL: Mr. Chairman, the commercial division is made up of four distinct elements. The most important, of course, is the sales element. We have the sales group who go out to agencies and the advertisers in an endeavour to get the most business possible, and in the overall picture-- and I can mention it now -- we are responsible for about \$20 million worth of gross business both in radio and television. In addition to the sales people, we have a sales service group. This group deals with the advertisers and the agencies, particularly, with respect to commercials that the advertiser wishes to put on the programme. This is a very important group, and I think it is safe to say that they give every consideration to the advertisers' wishes and cooperate very extensively at all times with the advertising agencies. Then we have another group which is



also very important, and that is the acceptance department. There are some programmes we do not accept, and some types of advertising. There is also Regulations, and this group services the accounts accordingly; that is, they review programmes where necessary and also the commercial advertising messages. Then, what is further important, and is allied with the commercial division, is the contractual arrangements that are made with the advertisers. Also the billing. It is so involved and so complex that we have to keep that group with us because they are involved with the sales people. There are quotations and the general compiling of the contracts, and it is very complex -- very involved. That, Mr. Chairman, is the general set-up of the commercial division.

THE CHAIRMAN: Physically where is it, mainly -- is it in Ottawa or Toronto or Montreal?

MR. POWELL: The main body of the commercial department is in Toronto and Montreal. The Montreal group is very important because, as you know, sir, we are running two television networks, one in French and the other in English, and they are of equal importance and require almost the same amount of service and staff. In addition, if I may say so, we also have a representative -- a small group -- in Vancouver, Winnipeg, Ottawa and Halifax.

MR. COYNE: That was really the question





I was going to ask: is your division responsible for the selling of local spots over local stations as well as network advertising?

MR. POWELL: Yes.

MR. COYNE: And these groups that you speak of in Vancouver, Winnipeg, Ottawa and Halifax are selling local spot advertising?

MR. POWELL: Look after the local element.

MR. COYNE: With respect to the commercial messages, who actually produces the commercial message?

MR. POWELL: That is the responsibility of the advertising agency, as a rule. We can do it, but the agency -- that is its function. It knows its client's business. Let us take the motor car industry, if you like: they are constantly, say, in Windsor or Ottawa and they know the inner workings, and they know what the advertiser has in mind for his new models, etc., etc., and it is that field the agency works in, and naturally they produce the commercials as the advertiser desires -- what he wants to say or do.

MR. COYNE: Does the agency come in with a piece of film containing his advertising message?

MR. POWELL: Yes, in the case of films it is recognized by all the agencies, and our statement of policy, that before we accept





commercials they submit the outline to us, before they have a film. That is to avoid any conflicts and to avoid spending money only to find it is so obviously contrary to our acceptance policy that we have to turn it down. That does not happen very often -- in fact, it does not happen.

MR. COYNE: Are any commercial messages put on live in television?

MR. POWELL: Oh, yes.

MR. COYNE: Who has the responsibility for producing those?

MR. POWELL: We have a producer who works closely with the advertising agency who is there in the studio with him. They have rehearsals and they set things up: it may be refrigerators, and they may have a pretty girl, and they work together -- and I think very satisfactorily.

MR. COYNE: What about the cost of the commercial message: if the message is produced live on your facilities rather than presented to you on film, is the cost of producing that message billed to the sponsor?

MR. POWELL: Yes, we have established rates for all of these things, and the full charge is paid by the advertiser.

MR. COYNE: And I suppose to a large degree he has a choice as to the elaborateness or the lack of elaborateness of the message he wants to give in relation to the cost he wants to pay?



MR. POWELL: Yes, and sometimes he may ask for things -- it isn't often -- which it is not possible to do. In that case, of course, he understands, but sometimes it may not be possible to do. In that case, of course, he understands, but sometimes it may not be possible to do something live on account of our lack of studios at the time. There are many complexities, but we finally come out all right; the message goes on. It may not be just as perfect as he thinks it should be, but we never fail to get the advertising message across -- that is the main thing.

MR. COYNE: Mr. Chairman, I was going on to some more general matters.

COMMISSIONER STEWART: I would like to ask Mr. Powell a question: when we were out in Vancouver we heard a great deal about the amount of Canadian advertising that was being put over the air from Bellingham rather than from the CBC station. We inquired the names of those advertisers to see whether or not the messages were such that they might have been prohibited on Canadian air, and they were very few that were of a prohibited character. If the submissions we got there were true, it would indicate that, one, the commercial division of the CBC in Vancouver was not on its toes, or, two, that the nature of the programmes put over the air in Vancouver by CBC was not such as to entice advertisers to use the CBC. The amount of





money involved, we were told -- and, naturally, it could only be an estimate -- was something in the neighbourhood of \$300,000 a year. Have you anything you would care to say on that?



MR. POWELL: Well, of course, we cannot, speaking of advertising from Bellingham or Buffalo, if you say so, but we accept local business.

COMMISSIONER STEWART: Oh yes, but do you sell it?

MR. POWELL: Certainly, why not if the time is available.

MR. OUIMET: May I bring in two factors here, Mr. Chairman. We must remember that the Bellingham station has a lower power than CBUT in Vancouver. Those rates are lower and yet it does serve Vancouver but it has not got as good a coverage as CBUT has generally. Furthermore, we are carrying on Vancouver, on the Vancouver stations programmes on the network in the evening, for example, and we have not got at that time the time to sell to sponsors who would like to get on that particular time. In that case we go to Bellingham for these combined reasons of not finding on our station the best possible time and also because they can get a cheaper rate. All these factors come into play.

COMMISSIONER STEWART: What number of programmes do you put over the air available for sponsors in Vancouver that are not actually sponsored?

MR. OUIMET: I would have to have a check made on that because of the changes, particularly at this time of the year.

COMMISSIONER STEWART: It was something that was emphasized a great deal when we were in



Vancouver.

MR. POWELL: I would say under our policies it is pretty fully sponsored in Vancouver.

MR. COYNE: Some of the witnesses I think in Vancouver, couples this evidence about the Bellingham advertising with an argument to the effect that a second television station was justified in Vancouver because there simply was not enough time available on a single station to satisfy all the local advertisers. To some extent that argument depends upon the time available on the CBC station which is, in fact, being sold and still there are advertisers who could not get on the air and go to Bellingham?

MR. OUIMET: I believe this question of a duplicate station was discussed yesterday.

MR. COYNE: But not in this context.

MR. OUIMET: No. I would have to make a distinction in your question. If you are asking if there is enough business available to start a second station, if that is what it is, I would say yes in a city like Vancouver.

MR. COYNE: I think, really the useful information would be whether or not, in fact, all the available spots and programmes available for sponsorship in Vancouver are, in fact, being sold?

MR. OUIMET: I am told by the commercial manager that we have sold all spots but, there again, I think we should make a distinction as





to between being sold out on spots, according to our present policy or being sold out on spots according to the physical capacity of the medium to carry more. We are not putting spots back to back, as I explained yesterday, and there could be more spots sold if we change our policy, as I told yesterday.

MR. COYNE: Your policy differs from Bellingham in this respect?

MR. OUIMET: Oh, definitely.

MR. DUNTON: If you wanted more information we can get that for you very easily -- the different types of programmes sponsored on the Bellingham station, and it would give some kind of indication what kind of business it would go to.

THE CHAIRMAN: You go ahead at this stage and if we want that information we will let you know.

MR. COYNE: Then, Mr. Ouimet, turning to a rather more general subject relating to the question of staff, I think one of the most frequent criticisms of the CBC that we have heard in our proceedings is that the CBC is over-staffed. I wonder if you have any comments you could make in relation to that statement that has been repeated many times?

MR. OUIMET: Were those made by people who have visited CBC recently?

THE CHAIRMAN: I have heard it from people



who have visited the CBC that there seems to be a lot of people around.

MR. OUIMET: I certainly agree with you that there are an awful lot of people around and in the crowded premises we have they look more numerous. Sometimes they are in the corridors. This is something which we, of course, check into regularly and I make it a point myself to regularly compare our staff with the staff of other broadcasting organizations either in the United States or in Europe to see that we are efficient in terms of the number of men we use or the number of man hours we use per hour of output. Now, this is a very rough measure but it is an index and on that basis I would say we are under-staffed compared to anything I have been able to relate it to. I think there is another way to look at it, at least at the senior levels of the Corporation, at the level of our production staff, at the level of our operation staff, at least, among the supervisory staff particularly in television, there has been a sort of overload condition and a serious understaffed condition which we are trying to remedy but which it has been impossible to remedy because we needed so much staff to take care of our development that for a while no matter how many new candidates we trained and brought into the operation they were still not sufficient to take care of the





expanded service and remained with the fairly chronic overload and understaffed condition.

THE CHAIRMAN: I think, Mr. Ouimet, it is fair to say that the evidence we have would seem to support this particular point. The way it was put, and I won't expect you to agree with it, understaffed and underpaid at top levels and overstaffed and overpaid at the lower levels.

MR. OUIMET: This is a matter for our Board, perhaps. (Laughter).

THE CHAIRMAN: And there is another aspect to this that it is something which a person going in to see the CBC, and I do think you follow the general policy of having a lot of visitors in your premises to let people know what is going on in a public activity right now, and it may well be people don't appreciate the complexity of television production particularly. But where you go into a studio and it may be a fairly simple programme with two or three scenes against a fairly simple background -- I think I went into one and counted over 50 people involved in the production of that particular programme. Is that kind of thing really necessary?

MR. OUIMET: Oh, it is.

THE CHAIRMAN: Is there danger in this new medium that the thing gets too many people around just because it is new?

MR. OUIMET: There is always a danger in any medium that if you are not careful you might



get on more staff than you need, but, unfortunately, we are not anywhere reaching that level yet; a danger point of this nature. It is just the opposite at the moment. Because we are so short of staff in certain of our operations we are running, in certain cases, and I must admit this, into some uneconomical operations because we have to pay overtime for the staff that we have when if we had more staff we could train more staff more rapidly and we could save some money by paying straight time instead of time and a half and, of course, we are proceeding as fast as we can in training people and correcting this situation.

I think I should point out also in relation to staff that there are certain problems of jurisdiction between different groups which belong to unions. It is not possible to get a certain group to touch at all on the work of another group. Now, this is common in union arrangements and, therefore, it may require a little more staff. Of course, the union will claim we get a greater efficiency that way but we must keep this in mind if somebody sometimes sees in our studio a man waiting while somebody else is busy. It is very often that that man is a technical man and is not supposed to deal with, scenery or other matters that belong to the jurisdiction of another group and all these factors have to be taken into consideration.

MR. COYNE: Has anybody ever made a study





of how much this waiting you speak of might add to costs?

MR. OUIMET: The waiting -- you mean the jurisdiction?

MR. COYNE: The jurisdictional division -- their effect upon costs?

MR. OUIMET: No, I am afraid we have not made any study because, in fact, it would be more or less of a theoretical interest. This is union practise and I think it would waste money figuring it out.

MR. COYNE: Then, turning for a moment to one or two aspects of your union agreements, particularly with regard to performers and musicians, are you restricted in any way with your union agreements with performers unions and musicians' unions from hiring people to perform who are not members of the union?

MR. OUIMET: May I ask the assistant general manager to deal with this?

MR. BUSHNELL: Mr. Coyne, I suggest there are a few restrictions, but they are not very great or not very onerous.

MR. COYNE: Are they costly?

MR. BUSHNELL: Our relationship with the artists' unions I think is a reasonably happy one. There are occasions when we find it a little bit difficult to get along with them but over the course of the last three or four years I can say





quite honestly that we have had a pretty good measure of cooperation from all the artists' unions.

MR. COYNE: What happens, as a matter of practise, if for your own good and sufficient reasons you wish to put some amateur pianist on the air? What happens in relation to your union contract with the musicians' unions?

MR. BUSHNELL: In the first place, it might be just as well to put on the record the contract we have with the musicians' union is not a valid contract.

MR. COYNE: Do you mean it is not enforceable in law?

MR. BUSHNELL: It does not exist.

THE CHAIRMAN: It is a little hard for me to follow that (Laughter).

MR. COYNE: As a matter of fact, Mr. Chairman, when Mr. Murdoch and his counsel were before us in Toronto they made a similar statement but the significance of it escaped me at the time.

MR. BUSHNELL: The fact is the only arrangement is a letter agreement that was signed by the late Dr. Frigon several years ago. That applied, of course, only to sound broadcasting. When we began television in 1952 we endeavoured to complete a contract with the musicians' union. There is a contract form. There is on our files, if you like, a widely distributed contract which the musicians' unions have asked us to sign



but it has not been signed to this day but we  
operate under broad and general terms. Now,  
you asked one question about the stand-in,  
at least, the amateur musician.





Now, you asked one question about the amateur musicians. The fact is that if we engage an amateur musician, let us say he could be a child of fourteen or fifteen; he could be someone, as a matter of fact, who does not wish to join the musicians' union, it may be a man or woman of thirty-five or forty, but in our agreement the form we did sign in, I think, 1944, it was clearly pointed out at that time we would observe all the laws and rules and regulations of the federation; when we engage such a performer we are obliged to pay what is called a stand-by fee. That amounts to the sum of money we would normally pay to a member of the union, and that money is paid to the treasurer or to the local in which that amateur artist performs.

MR. COYNE: To the union, not to the stand-by performer?

MR. BUSHNELL: To the union.

MR. COYNE: Would it be possible to get figures as to how much you pay in a year for these stand-by fees?

MR. BUSHNELL: I think those figures are available; I am sorry we have not them here this morning, but by and large they are not very great because the fact of the matter is once a musician becomes sufficiently competent, if he or she is sixteen years of age, competent to perform professionally, they automatically join the union.

MR. COYNE: It is a good union.

THE CHAIRMAN: You do not think from a past point of view this would be a large amount



for this particular type of stand-by arrangement, or, in fact, any others? I suppose there could be some cases in other contracts where you have a similar stand-by arrangement; is that so or is it not?

MR. BUSHNELL: As was explained by the CCAA, we are given a work permit or an artist is given a work permit; that is, a singer or actor or anyone of that category is given a work permit for six occasions, and after that he must join the union.

MR. COYNE: During these six occasions are there any stand-by charges involved?

MR. BUSHNELL: No. I would be glad to provide the specific amount we have paid for the last few years, and somewhere in my memory lurks the figure of somewhere around \$8,000.

MR. COYNE: Well then, a somewhat different situation, but nonetheless analogous, where you are putting on a panel discussion and you ask distinguished citizens in some part of the country -- frequently lawyers -- to take part in these discussions, my understanding is that you insist they accept a fee whether they would perform for nothing or not; is that true?

MR. BUSHNELL: Largely.

MR. COYNE: What is the reason for that insistence?

MR. BUSHNELL: Actually we feel that the labourer is worthy of his hire and we do not feel we should ask anyone, any professional man, to appear in a professional capacity, giving





professional advice, if you like, without receiving a reasonable -- it is not a large fee -- but a reasonable sum of money for it.

MR. COYNE: Is it the condition of any contract that you have with any union that you pay these fees?

MR. BUSHNELL: No.

THE CHAIRMAN: I might say this is a matter on which I feel strongly because I have been involved in endless arguments with the Income Tax Department when I appeared once on the international service.

MR. COYNE: It has also been suggested -- perhaps it is wrong, and correct me if it is -- that on an occasion of this kind the performer, what I called an amateur performer, does not receive the full amount of the fee but there is some proportion that goes to a union; is that true?

MR. BUSHNELL: They may be referring actually, and I am not quite clear about this, there could be a small portion of it go for the work permit -- obviously there is a deduction made for income tax.

MR. COYNE: Oh, that I appreciate, but is there any deduction made or any payment made to a union from that fee?

MR. BUSHNELL: None that I am aware of.

MR. COYNE: Do these people in the category that I have been speaking of fall within the work permit provision -- people who appear occasionally on panel shows, professional men and others -- do





they fall within this work permit provision that you mentioned earlier?

MR. BUSHNELL: No.

MR. COYNE: So you could, in fact, invite one of these individuals to perform more than six times without it being necessary for him to join any union after the sixth time?

MR. BUSHNELL: As long as he does not act as an entertainer; there is what we call an excluded category.

THE CHAIRMAN: Well, Mr. Bushnell, is the reason for this rule that you more or less insist on the acceptance of a fee for an appearance; is it based on the practical difficulty of drawing the line, that there are certain people who find it is a very important second occupation to some extent; there are those to whom it is very valuable; you can get them because they can earn a little money this way, but you never get to the point where you cannot safely refuse to pay?

MR. BUSHNELL: I think you put it much clearer than I.

THE CHAIRMAN: Would this amount to any significant sum in a year?

MR. BUSHNELL: In some cases quite a significant sum, in others very little.

MR. OUIMET: In between questions may I add something to what I have answered before in connection with this waiting time. I have just been reminded by one of our assistants that I have perhaps given you an incomplete picture. While



there are jurisdictional clauses in our agreements which contribute to a greater number of man-hours being used, still I should recognize that in Canada, at least, in our agreements with our own staff unions we are in a situation which does not compare at all with the jurisdictional problems they have in the United States in the network organization similar to ours. There the situation would be much more important than it is with us.

MR. COYNE: That is, down there there are more jurisdictions and perhaps narrower jurisdictions?

MR. OUIMET: That is correct. By the way, I should add also that by the very nature of the medium there is an awful lot of waiting around because people have to work, certain groups work before a broadcast and then immediately after a broadcast, and they may have waiting time an hour when it is not possible to pay them to use someone else because just at that time there is not a solid chunk of one hour's work to do.

MR. COYNE: You cannot get them in on the broadcast?

MR. OUIMET: No.

THE CHAIRMAN: Going on then with a further matter concerning these union contracts and agreements, we have had a good deal of discussion with the unions when they were before us on the question of extra charges for repeat performances and also extra charges for export rights on programmes, the sort of thing that has been in my mind. I think I have asked the question a number of times, is that there





may be a certain kinds of programmes of particularly good artistic nature, quite expensive programmes, which, for instance, let us say, cost \$30,000 to produce -- my favourite example is the Macbeth television show; it ran, I think, for an hour, the kind of thing which perhaps would be justified to repeated twice or three or four times, because after all if it is done on the stage you will often have many repeat performances and it would be fairly justified to spend \$30,000 if it gave you two hours of programming, but it might not be so justified if you are only entitled to do one hour. I understand that the up charge for a second performance is about 65 per cent. It may not be fair to put a percentage on the figure, but roughly that comes to \$50,000, and still it may be undesirable to spend \$25,000 an hour. To what extent would the programme be capable of being improved if this heavy up charge on repeat performances did not exist?

MR. OUIMET: Well, there are two problems there: the extra cost to repeat and just the fact that it is a repeat of a very good programme. Of course, the repeat is something definitely desirable, and there is no objection on the part of the viewers but we would have to limit it to really the best, as far as 65 per cent is concerned, it applies to part of that cost as you said, and the artists' portion of the total cost of the programme, of course, varies with programmes; it may be a third in certain cases, so this would involve on a \$20,000 programme -- let us say \$4,000 pared to the



minimum. On another programme that \$4,000, of course, is small, but it is still an expenditure. Definitely it would be nice, speaking as employers, if we did not have to pay it, but I can see the point of view of the union in asking for this arrangement.

THE CHAIRMAN: But they are paid full rates for their time when the first production takes place?

MR. OUIMET: For one performance.

THE CHAIRMAN: They do, in fact, only perform once?

MR. OUIMET: Yes, but actually the way it is put in the contract it is one performance and one airing, if you want to call it that, over any one station within the particular time. If we were recording for an unlimited number of performances then we would get into a different scale of rates which would be similar to film rates and recording rates, which are higher.

COMMISSIONER STEWART: If there was not that limiting factor and you did not require to pay this overcharge for repeat performances, do you think the Corporation would go in for more of these better class programmes, or not? In other words, I am asking you, is the union cutting its own throat?

MR. OUIMET: I would say more, but not a great deal.

MR. COYNE: Do you ever buy, in fact, film rights to these programmes?

MR. OUIMET: Not for a live programme because the film right -- I had better check my





figures -- they are about three times the normal scales and that would make it really very costly unless we were absolutely sure to repeat it three times. When you start a programme, even though it has the best attention, and it looks like the best bet, it may not turn out to be quite that.

THE CHAIRMAN: Well, are you able to make a programme on the single performance basis, and if you find it is a really successful thing that you can then go back and increase the scales and get what is equivalent to the film rights or certain rights of repeating?

MR. OUIMET: Providing we have made kinescope recording of it and have cleared with the writer also.

COMMISSIONER TURCOTTE: If it is a third or fourth performance is it still 65 per cent of the original cost, or is it gradually decreasing?

MR. OUIMET: No, I think it is 65 per cent.

COMMISSIONER TURCOTTE: Regardless of number?

MR. OUIMET: Yes, although the need for a third or fourth performance, particularly at this stage of our development where in many markets we have single stations, it would not go very often, but later on perhaps it would.





MR. COMMISSIONER TURCOTTE: I thought you were referring to the Marriage of Figaro -- -- There is no reason why you could not go on doing that over a period of four or five years -- you could put it on one year and then again one year later you would still want to see the Marriage of Figaro?

MR. OUIMET: Yes, except unfortunately one must remember that the Marriage of Figaro, in order to repeat it -- -- --

MR. COMMISSIONER TURCOTTE: I beg your pardon.

MR. OUIMET: In order to repeat such a programme it has to be recorded in the first place. The only method, or the only economical method, we have at the moment is to put it on kine-recording and in two or three years the quality of the present kine-recording will no longer be acceptable and, therefore, the technical difficulty comes in as well as this problem of rates.

MR. COYNE: Mr. Ouimet, it has been put to us by a number of witnesses that a lot of this programming should be preserved, not for repeating over television network so much, as for use in non-TV ways, that is, for educational purposes and that sort of thing. This would be something in the nature of the service the National Film Board has organized and things of that kind. The purpose, in other words, is to prevent them from simply disappearing, in



effect. Does that involve this prohibitive question of cost that you spoke of?

MR. OUMET: Well, it involves, I believe, two considerations. One is, if it costs us more I don't believe it is our business under the act to involve the corporation in expenditures for non-broadcasting purposes. Secondly, it is also a matter, as you say, of artists' agreement and, our rights for broadcasting or for any other purposes.

I imagine that in special cases such as you are talking about, when we are making a film available to a school or to a church or something like this, there would not be any difficulty, but, if you are talking about a wide scale showing of such programmes for other purposes than broadcasting, then we would have to negotiate suitable agreements with artists and writers or anyone else, to cover this sort of thing. I don't think under our act we could spend more money.

MR. COYNE: No, or else someone else would have to pick up the cost of paying for this, but apart from the matter of cost, has any consideration ever been given to the desirability of preserving for purposes educational or historical, any of these programmes which originate as TV programmes, which if they are put on films could have some permanent value?





MR. OUIMET: There again when you say put on film, let us make the distinction between kine-recording and the film.

MR. COYNE: All right, kine-recording for the moment.

MR. OUIMET: Well, it is very much different if we do it on film. Then it is a film, and the rates shoot up. If you want to do it economically then you have to do it with kine-recording. I don't see that this will change very much in the future because even with magnetic tape recording it will require such special equipment to play it back that I don't see the parish halls and other places being equipped with magnetic producers. However, this might happen -- anything is possible.

MR. COYNE: Would it be fair to say then that this is not a matter which has been considered?

MR. OUIMET: Well, the matter has been considered but the difficulties every time have been so great that we have not been able to do anything about it.

MR. COYNE: It is not a practical proposition?

MR. OUIMET: No.

MR. DUNTON: As it happens I have been the recipient of a few of these requests which are usually quite general. We explain the difficulty as to the expense and so far nobody



has come back and said "we will cover the expense involved".

MR. COYNE: In any event I take it that this particular sort of subject would have to be covered by, what you might call a broader group of organizations, if you like, than the present Canadian Broadcasting Corporation?

MR. DUNTON: Exactly. And somebody else would have to take the responsibility of providing the money to do it.

THE CHAIRMAN: Mr. Ouimet, just as a purely technical matter for me, is it true that the kine-recording can be shown on the ordinary 16 mm. sound projector?

MR. OUIMET: This is correct, and this is its advantage. I should point out though, that there are two factors which may be of interest to the Commission. The first one is that we do store and keep the negatives of our recordings for future use. So they are there. The second one, I would suggest for the accuracy of the technical aspect of my statement, is that there is one problem with magnetic tape if it remains stored for more than say two years. In other words, the magnetism may be lost on the tape. We can't get too much relief from that development.

MR. COMMISSIONER TURCOTTE: Are you talking about the kine-recording now?

MR. OUIMET: No, no. The kinescope





tape is permanent.

MR. COMMISSIONER TURCOTTE: The kinescope?

MR. OUMET: The kinescope film is permanent recording -- as permanent as film.

MR. COMMISSIONER TURCOTTE: I thought you said a moment ago that it would lose some of its quality over the years?

MR. OUMET: No, I was talking about magnetic tape then, sir.

THE CHAIRMAN: Going on to this question of exporting programmes, that rate has been changed, has it, now?

MR. OUMET: Oh yes. We have already started to export programmes. We had a very successful one, as you probably know, carried by the BBC and we were very pleased at the acceptance of it.

THE CHAIRMAN: Well now, to take that export example, was that something on which the BBC paid you for the rights?

MR. OUMET: Yes, they did.

THE CHAIRMAN: And have you made any exploration I know that you have not been able to go too far at the moment, but do you have any idea or have you made any exploration as to what the export possibilities are? I think the general impression is that all over the world TV is a pretty ugly monster and they are looking for good programmes. Are you prepared to say that if Canada is able to produce good programmes, we might be able to develop a significant export market, and to this extent, as





we have done in other industries, compensate for the smallness of our population by getting a bigger market in this way?

MR. OUIMET: Not only would they have to be good programmes, but they would have to be better programmes, I feel, in order to make the grade. That means that these have to be developed gradually. You have to make a start and I think we have made a good start with the particular one we have done in England. We are working hard on exporting others of the same kind, and all I can say is we are looking to the future with optimism, but, just what size this may develop into, I don't think I could say. I don't believe it would be a very large financial contribution in terms of our expenditures, but, anything we could get would be useful in this respect.

THE CHAIRMAN: Well, now, what about the particular business of French exports and imports? I was thinking particularly when I was in France last spring and heard something -- I was not too clear about it, as to the fact that they have not been equipped for kine-recordings, either making them or playing them, is that correct?

MR. OUIMET: That is correct. I was there this summer checking on the same point, and they are working on the technical equipment necessary for recording and they expect to have it ready about this time, perhaps a little later



in the year. However, I haven't received any recent reports on that. What I saw though, in the laboratory, was very good technically. Now, you are talking about imports from France?

THE CHAIRMAN: I was really talking about the possibility, since you have said so many times that there are two programmes to be produced in Canada, one in French and one in English, and we know that relatively speaking French is the smaller total number of people being served, as to whether it is possible that by some exchange of programmes with France, that the costs could in effect be lowered -- the net effect of them, however your bookkeeping is carried out.

MR. OUMET: Yes, I thought you were speaking of their recording methods not being at the stage of development which permitted traffic this way, which is the fact.

But if you are speaking of our exports to them, I visualize a definite possibility, and in order to explore or to check on the best possible advantage of these possibilities, we are going to appoint somebody right on the spot in Paris to take care of these exchanges with France or with other countries in continental Europe. This is because there are things available also in Italy now, and I think they can use some of our own programmes, and it will develop gradually in Belgium and in Switzerland, which is also partly French speaking. Therefore,





I think the time has come now when there is enough business.

THE CHAIRMAN: It may come when technical production facilities over there get into operation -- there will be a two-way flow and not just a one-way flow?

MR. OUIMET: We hope very much so because at the moment we are on our own in the French language. We have to produce practically everything we carry, so it would be, I think, a very useful thing. Furthermore, with the days of greater international exchange, if they don't take too long to come, it will bring a very important contribution to television in any country of the world. I think it is the over-abundance of one particular type of material that makes the cost problems, but I think the exchange with many, many countries would be a great help to everyone.

THE CHAIRMAN: What about the exchange within the two systems that you yourself carry on?

MR. OUIMET: Well, we do have exchanges between the two systems, although we don't like to call them systems -- two networks.

THE CHAIRMAN: Well, what I really meant was, Mr. Ouimet, this point has been put to us on a number of occasions that this applied not only to television but even more particularly, the suggestion has been made with respect to radio. That is, with a country like Canada, where bi-lingualism



is important, we did have -- I must say to me the surprising evidence -- particularly in Toronto, that they wanted French programmes on the English-speaking stations. They wanted actual French spoken in the English-speaking areas.

I will say that in Quebec City we put the same point to some of the witnesses there, and I think that they agreed it would be desirable to have English programmes on some of the French stations as well. Now, this is a pretty significant development in Canada. Is the CBC doing anything about it?

MR. OUMET: I think it is very significant. Unfortunately I wasn't able to attend many of the hearings of the Commission. I wasn't there when this was brought up. Mr. Dunton was there, and perhaps he would like to say something now.

- - - -



MR. DUNTON: As I remember, most of those witnesses talked about the desirability of having some French programmes on English stations, but were particularly emphasizing stations would carry full French service. I think we have been told several times the experience in general in Canada has been that bilingual operations are not successful. We know, ourselves, from experience that running a service in one language and dropping in an hour or two in both languages, usually succeeds in irritating the people of both languages very successfully. Therefore, the only way is through separate transmission. I am afraid, too, in spite of the evidence you have heard, we have at times put on items on the French in the English language, and there has been a great deal of protest about it.

THE CHAIRMAN: We were only getting part of the opinion?

MR. DUNTON: Yes.

THE CHAIRMAN: Well, that perhaps has gone into those export matters, Mr. Coyne.

MR. COYNE: Turning to a quite different subject -- a small matter -- are you able to tell us anything about the license fees paid by private stations? For example, the rates of the fees and whether there is a discount on a fee for live talent and that sort of thing?

MR. DUNTON: It is not our field. It is purely the Department of Transport field.





MR. COYNE: I realize that, but we haven't had them in front of us, and that is why I am asking you.

MR. DUNTON: For convenience I could just quote from the regulations under their Act; regulations under the Radio Act, Part I, page 2, under item (k) -- private commercial broadcasting stations -- and you can see the schedules, for instance, relating to annual gross revenue.

MR. COYNE: So the fee varies with the annual gross revenue up to a maximum fee of \$6,000 a year for a gross revenue of \$400,000 and over?

MR. DUNTON: That is what we understand, yes.

MR. COYNE: Well, I am not sure whether it is covered here, but is there any allowance against that fee for live talent expenditures?

MR. DUNTON: We have never heard of one, no.

MR. COYNE: Reverting to something that came up yesterday in connection with the possibility of second TV stations, you pointed out that it would appear that, for example, in Toronto, a second station would be a very rich plum for anybody who received the license and was able to operate there; would there be any possibility, or what would your comments be, on a proposition, since there are more applicants than there are channels available -- or there may be more



applicants than channels available -- of putting up the channel to some kind of auction?

MR. DUNTON: I find that hard to reconcile with the kind of consideration the Chairman was putting forward yesterday on the assumption that the station should on its own responsibility or should in special provisions provide a good, substantial amount of Canadian programming.

MR. COYNE: You mean by that, if there was some requirements of that kind that a number of these applicants would drop away?

MR. DUNTON: My answer is not necessarily suggesting that, but it would seem illogical on the one hand to expect them to do a lot of Canadian programming, and on the other hand make it almost a monetary penalty to come into the operation in the first place.

MR. COYNE: This would be, then, an alternative to the sort of suggestion that we were discussing yesterday?

MR. DUNTON: To me it would be a very strange alternative because surely the whole implication of broadcasting is that whoever gets a license in some form or other takes on a responsibility to the public, and I would say the bidding, if you like, should be in the form of service to the public and not in money.

MR. COYNE: Do you know whether the ITA





franchises in England are granted in any way similar to this?

MR. DUNTON: Similar to what -- on a bidding basis?

MR. COYNE: Yes.

MR. DUNTON: My understanding is -- and I have discussed it with quite a few officials -- that it wasn't so much a bidding basis as the suitability of applicants and what sort of service they would do.

THE CHAIRMAN: I think they do both.

COMMISSIONER STEWART: They do both.

MR. DUNTON: I was going on to add -- and I am going only on what I heard -- that that was the important consideration, and the amount of money was another consideration.

THE CHAIRMAN: The way it is done, I think -- and this may be a rough way of putting it -- but they sort of have to pass a qualifications test as being suitable people with proper financial backing with some experience in this kind of thing, and then it goes up for auction.

COMMISSIONER STEWART: They have to show financial responsibility first, that they can carry on, and then there is a sort of reserve bid --

MR. DUNTON: Your information may be fuller than ours, but these things are done in private in England.



COMMISSIONER STEWART: It is not a public auction, no.

MR. COYNE: On quite another subject we have had considerable representations of evidence as to the significance of film in television broadcasting, and I wonder if you or Mr. Ouimet could comment on the future role of film in television broadcasting -- what part is film likely to play?

MR. DUNTON: I will start, and Mr. Ouimet can go ahead. It has a pretty important part now. As you know, a large proportion of the programming, I think in any country that I can think of, is on film -- what is usually thought of as film. In other words, produced outside television studios, and in many cases not specifically for television purposes, but also in many cases specifically television programmes produced in the film form. I think we have said before, the indication is that the importance of film may grow to some extent, but we feel the importance of live broadcasting and live networks will continue to be extremely great.

MR. COYNE: To what extent does the CBC feel that it should go directly into film production?

MR. DUNTON: We don't feel that it is our job to go into film production as such. I think in terms that I was speaking of before -- of producing films for general purposes. Mr. Ouimet





pointed out under the Act, as we understand it, our expenditure should be for broadcasting on behalf of the public. We may and do do a great deal of film work for purposes of convenience, because it is the cheapest and best way of doing something, either by getting items on film by members of the CBC staff, or having the film work done, or buying the rights from private film operators and we also buy the rights of films from the National Film Board, or they may also perform film service for the CBC and be paid for it.

MR. COYNE: Am I right in thinking there are two aspects to this thing: there is the matter of simply procuring films that have been produced for the purpose of showing them on television, and then there is also the aspect of commissioning the production of films specifically for television purposes?

MR. DUNTON: Yes, that is quite a large aspect.

THE CHAIRMAN: Really, I think what it comes to is that films -- when programmes specifically for television are to be developed on film, do you think that the CBC should do this or that they should be done by the National Film Board or a private film company, outside the setup of the CBC.

MR. DUNTON: We think the CBC should not necessarily do it, but if its expenditures





on television are involved, they must be in control of those expenditures. Our policy in this matter is that we try to get whatever is needed done in the cheapest and most efficient way either directly by CBC or by private operators or by the National Film Board. That has not meant in many cases that the CBC thinks it should be done by its own existing organization, but it is a matter of the management constantly weighing the cost and result factors involved.

THE CHAIRMAN: I think what we are interested in, is whether you contemplate it necessary for CBC to have very elaborate film producing facilities of its own?

MR. DUNTON: At the present time we don't contemplate that and have not got them. The organization has certain film cameramen. As you know, it has to have fairly large facilities for processing, editing and handling all material in film form.

THE CHAIRMAN: I am thinking of film production -- not the mechanics of looking after the news clips and things like that.

MR. DUNTON: There are some programmes in which items on film are very useful. There are some programmes that we are beginning to get into such as the type dealing with people. Graphic is an example, where in many cases it is simply more convenient and cheaper to do



the item on film rather than to do it live. For instance, Graphic often deals with an individual and his work. In many cases you can do a better job by going to the man and his work rather than trying to reset it up in the studio, but the type of direction and the producer's work is just the same as television. It is quite different from making a regulatory documentary film. It is much more economic to have a thing done on film under specific CBC direction, sometimes with CBC cameramen, and sometimes not, but under the CBC producer of the show.

MR. COYNE: What about the entertainment type of feature film to fill in a half-hour series or an hour series: do you contemplate actually producing those yourselves and setting up studio facilities for that?

MR. DUNTON: You can get into a field where the distinction is not too close. As we were saying yesterday, often the best form in which to have something for export may be on film, and some television programmes have been done, especially in Montreal, in film form because it was economic and saved facilities, but the purpose was to get a television programme out of it, and this is also in good form for possible export -- say, possibly, to France in this case. Again, it is simply





because it is an economical way of doing television production -- production of the kind we need.

MR. COYNE: Aren't you really speaking more of the equivalent of kinescope recordings in this sense, that you are putting on a programme, but for one reason or another you want to film it rather than put it out live.

MR. DUNTON: Yes.

MR. COYNE: But isn't that rather different from the proposition of actually producing a series of films as such?



MR. DUNTON: There have been a number of instances of that, and also like Radisson work going on now that simply could not be done in kinescope form because it is outside location and probably it could only be done on film.

THE CHAIRMAN: Then to take that example, is it being done by the Film Board or an outside producer working with the CBC?

MR. DUNTON: I understand it is being done by our management who have an arrangement to get it carried out as they wish, they provide the services, cameramen, shooting --.

THE CHAIRMAN: In that case it is a private company, rather, it is done by a private film company?

MR. OUMET: Yes, but it is in very close cooperation with the CBC. Very, very close. I would like to add something on this which is important. And that is the use of film as distinct from the direct pick-up of the same material in the studio. It is a little matter of technical convenience and economy and the availability of studios and there may not be very much difference between the two methods in which these techniques are used. It is one further step. It is quite possible with the addition of equipment to our existing facilities we could film at the same time as we shoot the direct live pick-up for television and we could use the film and edit it



and by being able to edit it to improve on the one shot performance where you have to pay for whatever happens to come before the camera. Therefore, on the technical side those two methods may merge and what is film and what is television may be fairly difficult to divide.

I have another point to bring up.

THE CHAIRMAN: May I just interrupt you there. It seems to me we are not particularly concerned with the best technical means or betterment of the programme that you are doing in the studio. I think what we really are considering is the question of the specific production of films for television use. Films that deal with a subject matter that cannot be done in the studio such as your Radisson and the Lack of the Mohicans.

MR. OUMET: On this point, speaking in terms of our present problems, at least in terms of the problems as I see them in the future, any time we can possibly farm out something rather than do it ourselves we will do it because this is complicated enough as it is even if the costs are equal, and even with a slight difference in costs, in terms of simplification I think we would wish to have what we can done outside through a private company or through the Film Board but there may be instances, because of our particular facilities or setup, where we may find it cheaper to do ourselves and if we can do as good a job and





cheaper we would do it ourselves but I don't see this as a big operation in the foreseeable future.

THE CHAIRMAN: Let us take the situation particularly with the National Film Board -- they do certain films which are suitable for television but they sometimes produce a film specifically for television.

MR. DUNTON: Yes, in the last two or three years particularly -- one well known series, "Perspective". This is done specifically for television and in that case there is discussion first and we make arrangements in advance and we buy the Canadian Broadcasting rights to that series. That is all we buy, they have all the remaining rights for the use in the rest of the world or use in Canada and the price is settled by negotiation. The CBC does not feel it should pay more than what seems a reasonable amount for one time of the Canadian rights to a series and this is up to the Film Board in terms of its policies, and the charge is apportioned and we can get a bargain.

THE CHAIRMAN: The CBC in its overall operations, I think, did not intend to get into this field and so they get the best negotiated deal they can make for the Canadian television rights of that film?

MR. DUNTON: That is right.

THE CHAIRMAN: And there is no special discount or selling below cost element, or anything



of that kind?

MR. OUIMET: In some places they think it is a form of subsidy, we don't think so. We pay a fairly good fast price for the Canadian rights of those films.

COMMISSIONER TURCOTTE: And do they come to you or do you take the initiative in cases like that?

MR. OUIMET: In the first place, there is quite a lot of discussion going on continually between the organizations. Naturally, if they think it is suitable for television they come to us but in other cases people have gone to the Film Board and asked them to carry out a specific job for the CBC and if they are asked to do something specific for the CBC we pay the full amount.

COMMISSIONER TURCOTTE: But they can use it for other purposes.

MR. OUIMET: That goes into the negotiations.

COMMISSIONER TURCOTTE: Do they produce much for you?

MR. OUIMET: There has been quite a bit. These series are major film undertakings -- like "Perspective," and "Passe-Partout" and "Window of Canada". These are the things they have done specifically for us, and they have done quite a bit. I don't know whether quite a bit would be the answer to the question you have in mind when you say a large amount? I would not say particularly large amount as compared to the total business going to private firms for films.





COMMISSIONER TURCOTTE: They would do more for you than private firms?

MR. OUMET: No, it is the other way around.

THE CHAIRMAN: One of the things I am thinking about, is there any duplication between the Film Board and the CBC?

MR. DUNTON: We heard it suggested but we cannot see any duplication nor can we see that there will be as long as it is kept on a business-like basis -- there won't be duplication of service. We certainly are not a big-take film studio by any means. If we have any take of that kind we expect it to be done by the Film Board or private stations who have that type of studio.

THE CHAIRMAN: This, Mr. Coyne, might be as good a place as any to discuss the question on which we had a whole day, and that is what the CBC's view is on the question of subscription television?

MR. DUNTON: Mr. Oumet is getting the figures out. First, there is one general statement. I think it is debatable in all countries as to whether this television comes under the so-called accepted definition of broadcasting. I think the accepted international definition is in the beginning of our Broadcasting Act.

"Broadcasting" means the dissemination of any form of radioelectric communication, including



radiotelegraph, radiotelephone, the wireless transmission of writing, signs, signals, pictures and sounds of all kinds by means of Hertzian waves, intended to be received by the public either directly or through the medium of relay stations.

THE CHAIRMAN: "Available to be sent --".

MR. DUNTON: I think that is in somebody else's legislation. So there is a basic clause, only if he pays a specific amount to receive those broadcasts -- this is a general thing and I think it could be changed by legislation. There is one thing I think Mr. Ouimet will support but I do think the witnesses before you gave different amounts. They stated, as I understand their evidence, by this means you might be able to get sums from \$40 to, perhaps, as high as \$100 a year from Canadian television families on an average for the support of the television system and I understand this would come from subscriptions. People would pay money in some form or another for certain programmes, not all, and there would continue to be some free ones. I think we said in our first memorandum the old license fee was a rough rude form of pay-as-you-see and even if there is not a license fee the figures are still competent. The range of cost we have been talking about ranges from \$15 per television family per year to \$30 per television family per year. We will say it is \$30 per television family per year





and we can carry an excellent television programme for that amount. On the other hand, the evidence before you would be from \$40 to \$100 a year from each Canadian television viewing family. A large proportion of that money would, obviously, have to go back into the cost of running such a system which would be very high because of installing and maintaining devices, whatever they were, for a very complicated system, whatever they were, of collecting coins and doing the billing. For one thing, even if you do collect from \$40 to \$100 from each television family on an average, less would end up going out to the television service than under the system we are talking about and the public would pay quite a lot more. This is a very general comment on it.

MR. OUIMET: May I add something here. Mr. Dunton has already mentioned it and that is this is an expensive way to collect. Although the amount collected may at this stage, at least, be rather promising but, of course, if it is collected it is paid for by the public. But, if we are talking about the \$100 per family in respect of the type of fare they would get for that amount then we are getting into a range of cost that is considerably higher than what we are spending at the moment. Inherently, there must be a considerable proportion of this that would go to pay for the mechanics of it. There are





other problems. One of them that strikes my mind and has worried me from the start considering subscription TV, it does not seem to be entirely compatible with what we are trying to do in Canada. We are trying to get our service to most people and we are also trying to find some form of payment for that service but we are trying to get that service to as many people as possible. Then if we go to subscription television we are scrambling that service so that only some people would get it. It seems to be "narrow casting" instead of "broadcasting", if I may express it that way. It does not seem to be just the kind of thing we are looking for.

THE CHAIRMAN: Is it possible, and really it is two questions, if we had the whole thing to do over again there might be a case of taking a look at some subscription type of television but it is a very difficult thing to superimpose subscription television on a system which has grown up as ours has done.

MR. DUNTON: I think you are wrong because we did a lot of thinking before the service was started. We thought very hard in 1949, 1950 and 1951 and even in those days we could not see anything very much in it. Then again, there are some other factual considerations. It would be difficult to get 50 cents or 75 cents per Canadian programme from each television family



when over half of them would be getting programmes from the United States and getting them free. Of course that might be changed a little if they too changed to pay-as-you- see.

There is another practical problem. The gentlemen who were speaking to you relied on programmes of powerful appeal to draw the revenue, whatever they were -- news features, sports events, Hollywood box office attractions, or opera. In the practical sense it would not be too easy for Canada to find too many of that sort of thing unless you relied very heavily on first-run films from Hollywood and took over the theatre business. It would be difficult to get many programmes that people would be willing to pay 50 cents or 75 cents for, always remembering you are spreading the cost over a smaller public than you have in the United States.

-

-

-





COMMISSIONER STEWART: But is there not a fundamental point that has to be settled first, do the airways belong to the people of Canada?

MR. DUNTON: I think that is what we started off with -- is this designed to get out to people or only to people who will pay 50 cents, and inevitably the best programmes are at the time you have to pay.

THE CHAIRMAN: Well then, I suppose the other question that I addressed to the gentleman who came to talk about subscription television to us was whether we did not, in fact, have subscription television now?

MR. DUNTON: I think that goes through our main memorandum. Mr. Ouimet in his remarks yesterday emphasized this method of production and how much to collect. I think whatever methods are mentioned to you are far more efficient methods of collecting.

THE CHAIRMAN: Then by these devices, mechanical devices and all the machinery that goes behind it ---

MR. DUNTON: Yes, into which money would go.

THE CHAIRMAN: I think that is all I have on subscription television.

MR. COYNE: Again, on a quite different subject, Mr. Dunton, what is the reason for the present policy against commercial sponsorship by CBC news broadcasts?

MR. DUNTON: It goes back a long way in



the Corporation's history; I think perhaps I can sum it up this way, that not only must justice be preserved but it must appear to be preserved. In other words, the Corporation has thought not only is it important not to have the possibility of advertisers interfering with the very important flow of national news to people, but so far, at least, it is thought desirable for no one to think there may be a chance of that influence being exercised. I think it comes partly from the basic thinking of laying the foundation of the whole national system, part of the idea that at least the people who obtain the money for the broadcasting system should be able to get their national news free without advertising; it is that kind of thing.

MR. COYNE: Just picking up for a moment the first point you made about people thinking the news is influenced by the sponsor, you explain the historical background and the policy, but do you think today many people are taken in by that sort of thinking?

MR. DUNTON: I think it is possible, yes.

MR. COYNE: But is it a significant factor to the people who listen every day to newscasts on private stations that are sponsored? Have they the impression that the news is slanted by the particular garage or cleaning shop that is sponsoring the news?

MR. DUNTON: No, I would not think in a general way people do think it is influenced





from what they hear on the air at the present time. One thing I can say, if there were any advertising attached to the CBC news there would be no influence whatever.

MR. COYNE: Have you ever had an offer?

MR. DUNTON: Yes, there have been many nibbles through the years.

MR. OUIMET: Oh, yes, news make very good commercial vehicles for advertising, and we have had not offers but many discussions of our policy trying to have that policy changed by agencies.

MR. COYNE: This may not be a fair question, and if it is not, just say so, but have you any idea what sort of revenue you might derive by permitting the national news service on television to be sponsored?

MR. OUIMET: Yes, about \$1 million.

MR. COYNE: A year?

MR. OUIMET: Yes.

THE CHAIRMAN: I suppose the question is, how much can we afford to pay to keep up appearances.

MR. DUNTON: I would not disagree, Mr. Fowler. I think Mr. Ouimet answering \$1 million is provided it is fully sold. Let us remember, there are not too many advertisers in this country who have the kind of advertising budgets who will take a programme on national advertising on a pretty broad scale, and it may not be \$1 million net gain. It may be an advertiser would shift quickly to news and drop some sport or other network programme.





COMMISSIONER STEWART: But you probably would get one very quickly to take that fellow's place?

MR. OUIMET: My answer was based on what it would bring if it was sold, and this is national television we are speaking of.

MR. COYNE: Have you any comparable estimate with respect to your radio news service?

MR. OUIMET: About half a million dollars. There is something which is very important that I should have thought about, and that is, we have taken into account the possible high increase in our news contract prices, but we have no way of determining what it will be; at the moment this is composed of present prices. I am getting advice which is a little at cross purposes, I have just been told that allowances have been made to a certain extent for that.

MR. COYNE: Mr. Chairman, that brings me to a different subject, if this would be a convenient time to adjourn?

THE CHAIRMAN: I think we had probably better come back for an hour this afternoon. I had rather hoped to finish this morning, but I think particularly the subject about radio might take us a little time. We will adjourn now and resume at two-thirty and try to finish in an hour.

---The Commission adjourned at 12.40 p.m.



---The Commission resumed at 2.30 p.m.

- - - - -

THE CHAIRMAN: Mr. Dunton and Mr. Ouimet, the next subject on which I wanted to ask some questions has to do with the problem of the decentralization programme production. Is it a fact that the CBC has a policy of trying to decentralize production within certain limits?

MR. DUNTON: I think, perhaps, this was the view of various parliamentary committees, and especially the Massey Commission supported the Corporation's practice of having a certain amount of production in different parts of the country. In fact, they recommended that it be continued. I think it has been done here in Canada because of its special nature. It was felt that at least some of the programmes should be on a regional basis. First, in a sense, they may be doing part of a national job, the kind of job that should be done in a regional way, and, also, there should be the possibility of bringing material from one region to other regions of the country, insisting, of course, that at least some production centres of some kind be in different parts of the country, and it has been a matter of basic Corporation policy.

THE CHAIRMAN: I think it is proved that the Massey Commission were dealing with the situation -- although television was not in existence -- and the question is the degree to which we felt it is practical to decentralize television





production programmes. The point that is in my mind, we have had some instances that in the United States they find in television, even with their enormous audience and wealth, for practical matters they keep all the production in New York and Hollywood and very little outside. Again, the BBC, we are told, find it almost impossible to have too much decentralization in television programme production. Now this policy, however desirable, may be very expensive in television.

MR. DUNTON: Except that in the kind of broadcasting system it has it does not necessarily follow the policy of other countries. Mr. Ouimet can explain this further. In television the proportion of work done in your studios from the regions is not great, but, on the other hand, as you know, to have the facilities for any kind of production at all, either regional distribution or national distribution, requires a plant of a certain size. The Corporation fully realizes the diseconomy in having its production spread out, fully knowing what is involved, but is carrying out to some extent the overall public policy in this connection.

THE CHAIRMAN: Mr. Ouimet, do you want to add to that?

MR. OUIMET: Frankly, it is hard to judge at this moment the relative costs of our decentralization production compared to production in a central point in terms of the future. I think there are these two factors. On the one hand it would be



very desirable to reflect a strong regionalism of Canada right across Canada. On the other hand there is the added element of cost, but, frankly, I don't think in the future as we get established and keeping in mind we need facilities anyway in the outlying areas, that it will be very much more costly to have programmes originating at the outlying points as long as they have the talent to produce those programmes, and I think there will always be something in each one of our regions which will be of interest to the rest of Canada. I don't know in just what quantity it will be found. I don't think the additional cost will be very great because when you produce a programme, as long as you use your studio efficiently, it does not matter too much whether it is produced in one location or the other.

THE CHAIRMAN: Yes, but isn't it true in order to allow for this regional production of programmes it does require the expense of facilities in Winnipeg, Vancouver, Halifax -- take those three examples -- which facilities a good portion of the time are lying idle.

MR. OUMET: No, I would say the way we visualize this development, those facilities would not lie idle. On the contrary, if we have a studio set up and a staff we can use it efficiently and not leave it idle. At the beginning of the development there may be certain facilities that may not be used as fully as they could for that sort of a programme, but in our overall plans I don't think they would be idle because they would be limited





facilities to start with.

THE CHAIRMAN: Take your Ottawa facilities for television. Is it not true they are not used anything like to capacity?

MR. OUIMET: If you are speaking of one particular studio it may be that studio is not used fully all the time, but this is only a small part of the whole Ottawa situation and they are developing more programmes, gradually, of interest not only to the area here, but, I think, to the network. We need a studio in the first place because of the very many important originations of national importance that have to take place from Ottawa. I would have to check just what the efficiency of the loading of the studio is at the present time. That I don't know. I would have to check its loading. But Ottawa is not quite the same as Vancouver or Winnipeg. There are two stations here, and, frankly, there is a demand for those two stations for the sort of thing that is community service, which really requires the very minimum studio we have, because it is a minimum sized studio. It is very small.

THE CHAIRMAN: The sort of thing that was put to us, and it was in my mind, take the situation which at first sight seems a very similar situation in Halifax and the situation in St. Johns, Newfoundland -- both of them happen to be in the same region, both on the Atlantic coast, relatively speaking, similar kinds of population. In the one case -- this has nothing to do with the getting out of a national programme





because we were told as fully as possible, for technical reasons Newfoundland, which is a private station, is carrying a full national television programme and I assume the same is being done by the CBC-owned station in Halifax -- but in the one case you have a substantial capital investment by the country or the state, and in the other case you have no other facilities for getting the material there whatever, and the question is, are there some values you think are derived from the Halifax station that you are not able to derive from the St. Johns station?

MR. OUIMET: Oh, most definitely. In the case of the Halifax station we can produce in Halifax programmes that we could feed to the network -- by the way, the studios are just being completed; they are being inaugurated very shortly and we hope to be able to reflect with the microwave network, because to do it with kinescope is not as easy as to do it with microwave, and this will help to reflect the particular regionalism of the maritimes over the whole network and also to be able to, as we are going very shortly to have a maritimes network before we get the whole network. In that case the Halifax station will be the feeding point for this truncated network. It is not the whole network, but it is a regional network for a while.

THE CHAIRMAN: Would it not be possible to reflect the regionalism, the special regional characteristics of Newfoundland by originations from the Newfoundland station?

MR. OUIMET: To tell you, frankly, I am



at a disadvantage. I don't know what facilities they have. In Halifax they only do five quarter-hours of live broadcasting a week, five quarter-hours. I think it is news -- five one-quarter hours, whereas it would be necessary to do more than that even to give proper community service in the area of Halifax.

THE CHAIRMAN: Would it be possible, instead of going to the expense of a very heavy installation to, perhaps, do certain things yourselves with financial and cooperative activity with the Newfoundland station using their facilities in order to produce necessary regional programmes?

-

-

-

-





MR. OUIMET: We will try to get anything we can get from the Newfoundland station for our network which will be of interest to our network, and also which can be produced from that, and, as we have said before, any time any private station, any one of our affiliates on TV or radio, has a programme or an idea for a programme which would be of network interest, we will be very pleased to get it and not only that, but we have definitely offered to pay for such programmes.

MR. DUNTON: Mr. Chairman, I would like to emphasize that this was very much an expression of national policy, the idea that there should be the facilities for getting them produced for the public system, but definitely some production from regions. I can illustrate the point you are talking about: one of the reasons why the Board very exceptionally recommended the establishment of a CBC station in Newfoundland was partly arising out of the argument that Newfoundland was, in effect, a separate region. As we understood it, we were authorized to establish a station in Halifax to be able to have a real chance of reflecting Maritime life to Canada. It was put to us that Newfoundland had something very special -- it was a new part of the country -- to offer to the rest of the country as well as to itself. That was turned down, but I think there is quite a difference now. It is very difficult for us to use in television anything from Newfoundland. There has been a very recent instance -- an important event which is going to take place



there, and we were wondering about doing it on the network, and it was found we would have to go to very great expense for special crews to go to Newfoundland to do it, because they didn't have the equipment in Newfoundland to do it. There is a very real difference between what can come from Halifax and what can come from Newfoundland.

THE CHAIRMAN: Well, just for completeness, does the operation have one added possible advantage, and that is that either now or in the future when it is fully operating, does it have a chance of earning some money for the overall system in the proportions of the programmes which they would produce locally and sell commercially? Is that a possibility?

MR. OUMET: It is a possibility, but if you speak of Halifax it is not a very large market at this stage. Perhaps it will grow. I don't think the amount would be very great, but it would be a contribution.

THE CHAIRMAN: It is just as large as St. Johns, Newfoundland.

MR. OUMET: You were speaking of making money over and above expenditures to put in the national system to support the national system generally, and I was suggesting the margin of profit would not be very great.

THE CHAIRMAN: I am simply saying, will the operation when it is complete, of the Halifax station, be a reasonable facsimile of the operation of the St. Johns' station which does in its non-network periods apparently produce enough money that





they make a profit?

MR. OUMET: Under the present policies I would say we could not make it a facsimile of the St. Johns, Newfoundland, operation as far as I know. I think we would put in more public service broadcasts and things like that.

MR. DUNTON: I think there is a distinction, and this may refer to some answers I gave the other day when I said in a general way we make money on the operation of the transmitting stations. We make money, although that would depend on what costs were allocated on an accounting basis to station operations and what to network, or, in this case, regional production. If you take for granted as a matter of national policy that we should have some production organization and facilities in Halifax, we make money, or will make money very soon, from the operation of the transmitter in addition, but Mr. Ouimet is explaining that you cannot say the Halifax plan as a whole ---

THE CHAIRMAN: No, I am not suggesting that at all. I am simply suggesting, if you take the two stations as comparisons, both are carrying the complete national programme service which in some cases may involve a production in Halifax studios to go on national or regional service; however, that is national programming. Then you have a lot of time left over, and apparently in the one case, in the private hands, this is operated in a way to yield some kind of profit for the station. It may not be much yet, but it seems to be coming, according to





the evidence we have had. Why should not the same formula of operation be applied to the Halifax station and its non-network period, and I get back again, if Mr. Ouimet's immediate answer is applied, to the same point I was on yesterday: what right have you in the CBC to do more public service local broadcasting for the citizens of Halifax than you do, in fact, for the citizens of St. Johns, Newfoundland?

MR. OUIMET: We try to give service in all our stations which cover about sixty or seventy per cent already of the total population, if you take Halifax, Vancouver, Ottawa, Winnipeg, Montreal and Toronto, and in each place we try to provide service in additional to our national service from the network; we do provide other service there. If we went for exactly the same kind of operation as the private station in St. Johns, Newfoundland -- and I am not too familiar with it, so it is hard to compare, it would mean we would fill all the time in between with syndicated film from the United States. We haven't been doing that. We have been taking some, but we try to keep our overall percentages not only on the national network but also on the local stations, within reasonable range of this fifty per cent. So, they are not comparable -- they are not comparable at the moment.

THE CHAIRMAN: Except that I am still worried about this business that a national service ought to be evenly available to the people of Canada as well as you can make it, and those who happen to be living within range of a CBC station are not



entitled to get a better service from the national operation than the people who don't happen to live within that range.

MR. DUNTON: The system is still developing, and one of the purposes of Halifax will be to supply a certain amount of regional material to other stations of all the Atlantic provinces. When those are all linked up on microwave, some -- not many -- but some of the few programmes which would be now called "local Halifax" will be going to the Maritimes. Halifax will be serving all the Atlantic region matching our small amount of regional service in other parts of the country.

THE CHAIRMAN: And will be carried on the local stations in Moncton and St. Johns, Newfoundland.

MR. DUNTON: Right.

THE CHAIRMAN: So that there you are still operating both the CBC and private station, with the same kind of service originating -- this is an intermediate kind of service you are putting into the national and local?

MR. DUNTON: Yes, it is mostly national service which for special reasons is done.

THE CHAIRMAN: Yes, but I am still, as you can see, bothered about this idea which appears to be in the minds of CBC operating officials, and perhaps in the minds of the Board of Governors, that because they are CBC, when they have finished doing their national programme service, whatever they do -- full national or partly regional -- that they then continue to do something more in terms of





the public service element than the private stations are doing, and thereby at public cost provide a better service to the places where you happen to be than are being provided to those who are reached through the private stations?

MR. DUNTON: I think an analysis will show there is very little difference now.

THE CHAIRMAN: Well, if that is so -- that there is very little difference -- if you are operating properly in your local activities you ought to be making the same kind of profit on those activities as the private stations?

MR. DUNTON: Well, this will be subject to checking by the accountants, and perhaps some arguments about how costs should be split, as between what should be the local operation and its facilities producing for the national service. I think the figures will show most of our transmitters and stations are making a very good profit.

MR. OUMET: Doesn't it mean also, Mr. Dunton, that we would really have to go -- I don't mean businesslike or aggressive -- it would mean going all out and filling every available portion of time with every possible spot we can sell within the regulations.

THE CHAIRMAN: And my present notion -- and it is only a preliminary one -- is that you ought to go all out with a thing as expensive as this is, to do anything possible to reduce the cost to the State.

MR. DUNTON: Remember, Mr. Chairman, we



have been working for some years in the light of recommendations by various previous Commissions.

THE CHAIRMAN: For goodness sake, don't let anyone take the notion that this is said in a critical way. I am putting to you a possibility to see what your reaction is, and it goes back really to the thing which came out under the American system, that by and large networks were expensive and loss-creating things, particularly in Canada, and by and large station operators can make a profit.

MR. DUNTON: If you look carefully at our figures I think you will see we are doing well on local station operations.

MR. OUIMET: Mr. Chairman, if that is the case wouldn't this be a good argument to complete our coverage?

THE CHAIRMAN: It might well be, and if the money could be found for CBC to operate, provided we could be sure you would operate them all out, it may be worth while.

MR. DUNTON: We said we would undertake to operate in those areas that could support two, and in such a way that the net revenue from them would cover the cost of operating the stations.

MR. OUIMET: Isn't there something there in the relation of the two sides of the argument? On the one side we cover eighty per cent of the population through our own stations and through our own affiliates. Through our own stations alone -- I haven't got the exact figure, but it is more than sixty per cent. Isn't there some need





to give also some public service which may not be of the commercially remunerative type on these stations for the sixty or sixty-five per cent we cover, and perhaps also if we had other stations to do it on the other stations? That is another approach to the same problem. It is a question of cost and revenue.

THE CHAIRMAN: My answer to that would be that I would say in the other thirty-five or forty per cent covered by the private stations there is also an obligation to do some public service, and, in fact, we have had some evidence that that is what they do. They don't sell all their programmes in their local time -- they may try to -- but they do, in fact, have a good portion of sustaining programmes in the local time, and they may not be the "public service" programmes that is precisely your definition of the word, but they say -- and we have had some evidence from the public -- that they are, in fact, doing a public service -- local community service. Within those ranges I agree with you, but you still ought to have a profit.

MR. DUNTON: I think, looking carefully at the figures, you will see generally allocated to the stations only the costs that ought to be allocated to them, and in general we are doing pretty well. The General Manager says, "Don't go too far on that, and be sure the argument comes out on the allocation of costs," and I won't press it too heavily, but we make a number of millions of dollars simply from local operation.





MR. DUNTON: But we are making a number of millions of dollars merely from the local operation.

THE CHAIRMAN: I think our questions are merely directed to the issue as to whether it is a very expensive thing -- as it apparently is -- and whether full opportunities are being explored for making as much profit as you can, without too seriously disturbing the over-all policies.

MR. DUNTON: I think Mr. Ouimet would be the first to agree with me that the CBC has certainly explored every last opportunity of getting a profit.

MR. COYNE: There is one other question with respect to the centralization of origination that I might put to Mr. Dunton. The experience in the United States and Great Britain leading to centralization of network origination points was put to us on two bases, one of which was the question of economy of costs which we have just been discussing. The other was in relation to the availability of good talent. It was suggested to us that in television in particular, good talent inevitably congregates in the major centres. Perhaps even to this extent, that if you want to put on a good regional programme the chances are that even the regional talent, if it is good talent, is not in the outlying hinterland but in the principal centres which inevitably attract the talent. In other words, a regional production is likely to be based on second or third



rate talent. Have you any comments to make in relation to that point?

MR. DUNTON: I don't think so. I think we would agree that talent tends to scatter from the hinterland and from the regional centres towards the main centres and national centres of the country and quite often even to another country. That has been the natural flow of television in Canada.

However, I think this Commission and previous Commissions have heard a great many representations about the importance in the national interest of giving at least some opportunity, while recognizing these natural flows, to still provide some opportunity for talent and to have some chance for them to express themselves without going to Toronto or to Montreal. It becomes pretty much a matter of policy. Of course, we have tried on television, to a rather limited extent, to provide a certain rather minimum amount of regional opportunity to perhaps, if you like, check a little bit the flow of talent to other places.

MR. COYNE: In other words, you are suggesting that there is a question of planning needed there.

MR. DUNTON: Yes, and of money.

MR. COYNE: And some opportunity should be given to the outlying towns.

MR. DUNTON: We thought so, although as you can see we are limited rather closely. We understand it is the over-all policy.

THE CHAIRMAN: I don't want to take all your questions away from you, Mr. Coyne - - - -





MR. COYNE: Go right ahead, Mr. Chairman.

THE CHAIRMAN: But if I could proceed, there are some questions yet. I know you are tired, and we have been going a long time, but I would like to raise the general subject of radio. We have heard a great deal now, but I want to make sure we have covered all the things we should, in these notes I have made, and perhaps if I read them to you, you can wrap your answer in one package deal, so to speak.

What would you conceive to be the future of radio in the face of television developments, especially if there should be an extension of the hours of service of television throughout the day, having regard to the fact that the television developments in the evening hours have had a considerable impact on radio listening habits?

To put it in a slightly different way, if it was proper in 1949 to spend ten or twelve million dollars a year on our radio services for all the people of Canada, is it proper to spend the same amount or an increased amount for what is a smaller total listening to radio? Then that leads to the question of the feasibility and desirability of obtaining a Dominion network and whether you could then create an adequate national coverage through some possible adjustment of the Trans-Canada network, so that you get just one English network.

I suppose that also raises the question of



whether you have any comments at all on the material that was filed this morning by CARTB, and which went through the years from 1939 to 1944 or 1945. It does seem to indicate pretty clearly that the private broadcasters did place before the CBC fairly detailed proposals for providing a private national network.

MR. DUNTON: On the first two questions, the general future of radio in the light of television, I have, I think, attempted to answer in a very general way, and I might suggest that Mr. Ouimet answer this time and hope that the answers are not too different.

MR. OUMET: Well, I think that radio in respect of television has still a very good future ahead. I confessed that I was an enthusiast of television and I must also confess I am an enthusiast of radio. I think that there are some facts available already behind the statement that radio has very much of a future, because, after all, while we have had TV only for four years in Canada, they have had it for nine years in the United States. They are at a stage where their coverage, geographically, is much more extensive than ours and where their coverage in time is much more extensive also. They have it all day in the United States, so it is possible to see the effect of television on radio audiences in the daytime as well as at night-time. At night-time there is no doubt in the United States and in Canada where TV service





is available that the radio audiences have dropped in a marked way. On the other hand, we have to be careful even there to make a distinction between the various types of audiences, even within the home. In other words, you might have TV getting the major attention in the living-room, but you might still have the daughter of the family listening in her bedroom, or somebody else listening in the car.

MR. COYNE: If I may interrupt you there, I think that illustrates the point very clearly, is he entitled to the same sort of service, at public expense, as the family was entitled to at a time when there was no TV to look at and the radio medium was serving the whole family.

MR. OUIMET: Oh, I come to this after I cover the whole effect.

MR. COYNE: I am sorry, I interrupted you.

MR. OUIMET: So that at night-time there is a reduction of the total audiences at any one time, but, on the other hand, the same number of people listen to the radio as before in any one week. In other words, they do it less frequently but, as far as numbers, they are about the same as before.

Everybody still listens to the radio for something or other -- perhaps less frequently. In the daytime the effect is not at all as marked. In the daytime television is just like another





radio station for competition. It will get part of the audience, but radio will still get a good part, probably because of the ease with which the housewife can listen to radio and do her work, and she can't do it while the TV is on. Furthermore, there has seemed to be even an upsurge in radio listening in the last year or two in the United States, in the daytime particularly. I am not sure about figures for night-time.

Furthermore, radio is now in the state of revolution because of TV. People are doing things to radio to adapt it so that it can provide something that television does not provide. This process is not completed and we think it can go further in some cases at least in regaining some of the ground lost.

Now, there are technical developments on the way. You have seen how these small miniature portable radios are on the way. I think by the time they come to reasonable prices -- they are still fairly high in cost -- they will give a new kind of service where somebody would carry one of these small things, either in his pocket or in a purse, and they can use it when they want to get the kind of information which they cannot get from any other service. They can be given this easily and quickly over the radio and not on TV. So all these things put together point definitely, not to the same actual amount of hours of listening as there was before, in



relation to the population, but some of that will be lost, there is no doubt about it. However, it is still a very valuable service and there are still a lot of people with TV sets who will listen to radio. I should also mention that they have certain types of services which we believe radio may finally be assigned to, to give more specific categories of service which they can provide more easily. I am not saying that all music would be on radio -- I think that TV can do a very good job and a very useful job also in music, but, there is no doubt that such things which depend entirely on the sound side of communication can be done very well on radio and perhaps not on TV. I think all these things together mean that radio will be very important and useful. I don't wish to say a complement to TV -- I don't want to put it in a secondary position with respect to TV -- but it will I think play an important role with TV in the whole system of mass communication.

You raised the question whether in view of the fact that people spend less time listening to it, should there be less money put into it. I don't think the same people do the listening.





We feel that at this stage at least and for some years to come within I think the period of interest of this Commission, that it would be a mistake to cut back. In the first place, our television coverage will not be completed until well within that period and there are a lot of people still depending entirely on radio and there will be, by the time we get the highest saturation of the number of receivers, there will still be a number of people who will not be able to afford TV but can afford radio. I mean, when we talk about 90 per cent saturation, the last 10 per cent will probably have radio and no TV.

THE CHAIRMAN: What about the question of whether the radio function of the future requires two networks across Canada or whether a more competent and efficient job might possibly be done by one network perhaps adapted from the present Trans-Canada network but extended a bit and rounded and so forth?

MR. DUNTON: The Board has quite naturally considered this possibility at different times as costs have risen and television has developed. We think that all balanced, at least so far and so far as we can see it is worth while keeping the Dominion network which is not a very expensive operation and it does offer some choice of listening at night. Perhaps more important than that, it is getting to have quite a big listening audience in



Canada with some Canadian programmes and other non-Canadian programmes brought in for national distribution which they would not get otherwise which is largely duplication. As you know, it is not now a very big operation, we just feel in relation to the amount of money that could be saved, it is still worth while keeping this on. As you know, a new experiment is being tried in evening programming and I think the stations might get a good deal from this, it is to meet the kind of radio listening that has developed that Mr. Ouimet was outlining. We do not think it is a completely essential thing, we think it is a good piece of cooperation with the private stations in which they would benefit, not as much as they used to but a good deal and at a pretty reasonable cost a good deal of useful programming goes out to quite a number of Canadians still.

THE CHAIRMAN: Just speaking of cooperation, this is only an impression and I might have gathered it from the remarks Mr. Ouimet has made but the impression I have is that there probably is on the part of the CBC a greater effort to bring the private stations into collaborative work with the CBC in television than there is in fact in radio; is this a correct impression or not?

MR. DUNTON: I think Mr. Ouimet described the other day, I think my own view of it partly from the outside, I think it is natural in the last





four years, well, three years since you first went on, there has been this terrific drive of everybody in the business to meet new demands and build up a system pretty fast so there has been a great pressure and a great need for a number of meetings and very frequent meetings. In the past number of years we have always tried to hold meetings with the radio affiliates and for several years they have done it on a regional basis for their convenience. In the last several years there have not been as many with the Dominion network and I think there has not been the same need for it. This year the Dominion network have been suggesting some new approaches to programming, and our people are doing the same thing, developing new ideas. There was a meeting last year and a committee set up with conferences and meetings with our people. In other words, I think it is more a difference of circumstances of the medium in the meetings of the last two years than any deliberate decision.

THE CHAIRMAN: To put it bluntly, since we are hurrying to get along, I have a feeling that there is more friction existing in the radio field than there is in the television field between the private operators and the CBC and I am naturally looking for reasons for it if it is correct?

MR. DUNTON: Reasons of the CBC?





THE CHAIRMAN: I am just wondering if you have worked as hard at the job of cooperation in radio as in television.

MR. DUNTON: I think there has been as much desire, not as much time has been put on it in the last several years nor in the work of the networks has there been as much need for discussion.

THE CHAIRMAN: I was not saying that critically, I was just trying to get some analysis of this situation which does seem to exist. Well, have you anything at all to say about this? I do not know that we need to spend very much time on it but there have been comments in the CARTB filing this morning.

MR. DUNTON: I would say that in the last couple of years since this was raised our people have been busy too, and have come up with the same references as in this document. They did have the references to Mr. Sedgwick and Mr. Aimé Geoffrion who appeared before the Board in 1939 asking for quite a number of things, local, regional and national networks, describing the possibility of a national network and other things. It was interesting that following that the Board has started the subsidiary hook-ups which we have discussed several times. I do not think our people found any record of any further application or discussion with the Board. The other reference is the 1944 parliamentary committee,



true, the representation was made in 1939 to the Board.

THE CHAIRMAN: So, as far as your records go and the time you have had to search them you have nothing to add to this record that Mr. Allard has given us?

MR. DUNTON: No.

THE CHAIRMAN: And it is a period from 1939 to 1945 but it is a pretty complete statement of several attempts and discussions dealing with the formation of private networks?

MR. DUNTON: Yes.

THE CHAIRMAN: Have you anything further, Mr. Coyne?

MR. COYNE: No, I have not, Mr. Chairman.

THE CHAIRMAN: Well, the next series of subjects really go together and they deal mainly with you, Mr. Dunton, rather than the operating side of the CBC. They have to do really with the Board of Governors and nothing in any question should be taken as being in any way critical, because I have nothing but respect for the large amount of voluntary service that has been done by the people who have acted as Governors over the years. However, I think our task is to examine the existing set-up, see how it works and see whether it is adequate to the scope of the present operation. As you explained to us, it is a very different scope to what it was when the first notion of a Board of Governors





came into being back in 1936. Am I right in thinking that are appointed by the government of the day and an attempt is made to give geographical representation across Canada?

MR. DUNTON: Yes.

THE CHAIRMAN: Is there any way that we can find out what the purposes of the selection of the Governors are? Are they to represent the public interest, are they to be experts in programme ideas, are they to be people who have artistic and cultural experience or are they to be people with management and business skills?

MR. DUNTON: I do not know that you can find much authority than by reading the Act itself. These are people who have to take the responsibility, as we explained. The members of the Board are to represent the public interest in a wide sense, acting as trustees for its existence and operation. Our own feeling is, and I think it is probably illustrated by the choices that have been made for the Governors, that particular technical knowledge of broadcasting is not essential. The Board is representing the whole of the public and will be able to do its job in the interests of the public by watching, guiding and supervising and taking responsibility for the National Broadcasting Service.

THE CHAIRMAN: Well, you see, the thing



that is behind this series of questions is the consciousness that this operation has grown from \$5 million or \$6 million a year to something approaching \$50,000 a year mark and I think the evidence you have already given us is quite clear that the Board spends a great deal of time on the subject of programme content and general performance; in that aspect, how much time do they actually spend on business and financial supervision? I am not suggesting they do not, I am just asking the question.

MR. DUNTON: It would be hard to give the number of man hours in a year, it would vary from meeting to meeting. When it is what we call budget time at the CBC, around the beginning of the financial year, the Board would spend a great deal of time going over the management budgets for the year, of course, asking questions, asking for explanations, making suggestions and that sort of then. Then, frequently during the year, almost at every meeting, most meetings, there is a view of the national position, how things are going. In addition, as I explained earlier, discussing the work of the Board, like any other body of this kind it works to some extent at testing, like Mr. Oulmet at meetings may be asked quite specific questions about something that has come to the attention of the Board to test how the operation and checking is going





on in that particular field. Naturally, I do not think the operation of the Board heading any large corporation in this country can be expected to know all the details, they get the best executive they can find, and we think we have a good one and as they have in the executive a certain amount of checking balance but with the overall body making major policy decisions, deciding the trickier controversial questions and continually probing and asking questions.

THE CHAIRMAN: The meetings are what, five times a year?

MR. DUNTON: Depending on the work during the season, I think they average out about every seven weeks probably. There is usually a meeting in September, November, December, sometimes it may be early January but we usually try to get a lay-off in the summer and hope the work is not accumulating. Usually we sit in a space from September to June.

COMMISSIONER STEWART: Do you take off a monthly balance sheet?

MR. DUNTON: No, the management has various kinds of reports keeping them in touch with the financial end.

COMMISSIONER STEWART: On finance, monthly reports on finance?

MR. DUNTON: Yes, they are not regular ones to the Board, I think the bigger advertisers can see the various reports of management and





Board would have summaries of them in there on a monthly basis. For instance, usually at a meeting about this time management is able to review how the financial affairs are going for the first half of the year.

THE CHAIRMAN: What I am really raising is, whether five or six meetings a year of a Board of Directors can effectively run a \$50 million a year corporation or whether perhaps the five or six meetings a year should be perhaps changed to be more frequent?

MR. DUNTON: I believe some of these questions have been discussed on occasion among members of the Board, because we are very conscious of the responsibility we have. The matter is purely physical, the Board is drawn from all across Canada and if they were not the Board would prefer to meet more often and have more meetings but it is not easy to keep in touch but we would not have so much work piled up. However, the amount of time spent in travelling from the East and West, it has not been practical to meet as often as we would like.

THE CHAIRMAN: The sort of thing going through my mind is, perhaps you should have a larger Board with it being definitely understood as in some of the large national corporations, the meetings would be frequent but everyone not expected to attend all meetings.



MR. DUNTON: That might happen, the Board has discussed something of this possibility itself. There are some considerations that come in practice such as a bank or another large organization where there is a question of general supervision in the working of the organization. That is the same in broadcasting and if you provide sharp controversial questions and we usually have several at each meeting, then, to put it bluntly, from experience most members want to be in on the settling of these controversial questions unless they are kept away for some very special reason of their own.

THE CHAIRMAN: So you mean it is not, "routine" is not the right word, but it is not as regular a flow of business as you get in a bank?

MR. DUNTON: No, so the financial report or the information from the management on finance is fairly regular but we have some quite sharp, critical things to decide at meetings, they may relate to one programme that has gone on the air some time and there will be quite a lot of discussion.

THE CHAIRMAN: Well then, the duration of the office of the Governors other than the Chairman is three years?

MR. DUNTON: Yes.

THE CHAIRMAN: Is the practice generally that it is then renewed?





MR. DUNTON: There have been a great number of reappointments, I do not know how the score comes out but there are quite a few members on the Board now who have been there for several terms.



THE CHAIRMAN: Is that the practice generally?

MR. DUNTON: No, it is general, in history, there have been a great number of reappointments. I don't know how the score comes out. Quite a few members now have been on for a second term.

THE CHAIRMAN: Does this affect the selection of Governors at all when they know they are practically facing a life sentence?

MR. DUNTON: I don't think so. I suppose they have the feeling they can drop out gracefully without resignation if they choose after three years. There is the point, and I think most of my colleagues would agree, it is not entirely a simple activity, broadcasting, and I think they feel they are more use after they have been on the Board for, say, a year or even two years.

THE CHAIRMAN: I suppose against that you would have to set the possible advantages of rotation and new blood, and so on?

MR. DUNTON: Yes.

THE CHAIRMAN: Which may not happen quite so often if everyone is automatically reappointed.

MR. DUNTON: Yes, that is so. I would like to mention -- I don't want to talk about the meetings -- but the members have to do a good deal of home work.

THE CHAIRMAN: I had that down but I skipped it by mistake. There is a good deal of interchange between the members of the Board between



meetings?

MR. DUNTON: Yes, there is a lot of information goes to them; a lot of reports, and we try to get all the material for study which will come up out to the Board in advance, and quite a number of series of information about what is going on, about the programmes and administration and public opinion, and all sorts of things, and the members manage to keep up with it very well.

THE CHAIRMAN: A question or two about the Chairman of the Board -- and this is the office, not the man. I merely want to discuss the actual office of the Chairman of the Board. Is there any place where we can find a definition of the duties of the Chairman?

MR. DUNTON: I don't think there is, precisely, apart from the Act.

THE CHAIRMAN: The Act says practically nothing.

MR. DUNTON: No.

THE CHAIRMAN: It just says there is to be a chairman. Even in the by-laws of the Corporation I found that there was nothing.

MR. DUNTON: No, I don't think there is any legal definition. You will find some references in one of the parliamentary committees which recommended the establishment of this permanent office. I am not sure how much those recommendations will





be of use.

THE CHAIRMAN: The uses have more or less grown up as the years have passed?

MR. DUNTON: There seemed to be quite a lot to do -- I am not talking about any particular person -- from the time the first one started to work.

THE CHAIRMAN: To what extent are you, as Chairman, necessarily and properly involved in the operating side of CBC? Whatever legal situation may exist, how much, in fact, do you get into operations?

MR. DUNTON: I put it this way: you can see the real distinction between myself and the general manager. The Chairman is a member of the Board and often I consider myself as a member of the Board on duty between Board meetings. Naturally the division is between policy and operations -- policy and execution. You will have also gathered from the last two or three days there is often a sharp division. I think, in other words, in broadcasting, to be useful in helping my colleagues, I need to know what is going on, but on the other hand, Mr. Ouimet, executing the things, has a great many ideas about policy in broadcasting to mesh in quite closely, but there is that general division, and that is the way we work. I, on behalf of the Board, deal with such policy matters as can be dealt with for preparation of a Board



meeting, and the general manager is dealing with the carrying out of the work of the Corporation.

THE CHAIRMAN: The only other question that I have is, with the necessary, apparently inescapable pressures of full-time Chairman, do you find a difficulty in sort of keeping contact with public opinion? Are you so much involved with policy operational matters that there is a problem of getting views from outside?

MR. DUNTON: It depends a lot on what particular examination bodies are sitting at the time -- parliamentary committees and that sort of thing. Actually I do try, and through the years have spent quite a lot of time under various guises travelling through the country and talking to people just for that very purpose, because I think part of the job of the Board, especially the paid Chairman, since they are supposed to represent the public, is to try and get the best impression of what the public thinks and wants, and I use every occasion I can get to do just that; personal contacts of various kinds. Incidentally, I think you know the Board itself, when it can, meets in different parts of the country, for that particular reason, so the various members of the Board itself can get some first-hand impressions of what the people are thinking in various parts of the country about broadcasting.





THE CHAIRMAN: I hope you haven't taken it as a suggestion that you were not following public opinion properly, but I wanted to know if you had difficulty in doing your job and at the same time keeping contact with the public.

MR. DUNTON: When things are going the normal way, I have quite a lot of opportunity to do that.

THE CHAIRMAN: Then, I would like to move to one last point, and it may be a very fundamental point, but it is swinging back to this oft-repeated and fundamental question of being directly responsible to parliament. You have made a point of it throughout your various submissions to us, both written and verbal. How does it work? Is it responsible to parliament through the parliamentary committees? Is it responsible to parliament in the sense of answering questions in the House -- the thing that is bothering me, it seems to me that in this particular field we are trying to do a new thing in governmental activities. We are trying to provide money from public funds for a national purpose and we want to find some means of controlling the national spending of that money, and at the same time we want in broadcasting to avoid getting the government of the day involved in the control of communications, and this is quite a dilemma. It is a difficult



thing to pull off and I am wondering how we are actually doing it?

MR. DUNTON: I will summarize very quickly how it seems to work. I think it is so often said not only by ourselves, but I think by members of the executive from time to time that we are not responsible as is a government department to executive government, but to parliament as a whole. I think that is used to emphasize the other aspect that we are not responsible to the executive. In other words, the executive have no power to and cannot direct or influence what broadcasting goes on the air. As I understand it the Corporation is set up in a very special way which I certainly would not advocate for any other public body. It is set up that way for two reasons: first, because of the nature of broadcasting, that it should have all the possible flexibility of an enterprise -- and I am quoting from 1936 parliamentary committee; that it should be able to operate not with the usual aims of business -- to make a profit, but to operate as flexibly as a private enterprise. Secondly, a very important factor, that it be free from any partisan control -- any possibility of control of what goes on the air by the government of the day. I believe the work of the Corporation has been looked at more carefully by parliament than any other department I can think of in the last eleven years. Parliament, having created





this institution and placed it in a very special legal position, has taken special care to have an eye on it, and they have spent more time checking on this one creation than on any other and that, in effect, as you know, is the major way in which parliament has made us answer for the responsibility. There are from time to time questions in the House which the Minister usually answers with, "I am informed by the Corporation", and there are formal reports issued, and from time to time, whether or not there are any annual estimates, items come up such as loans to the Corporation which give parliament a chance to debate it. Parliament can at any time find an instance to discuss broadcasting.

THE CHAIRMAN: Well, the various suggestions made to us are slightly confusing and in some sense contradictory. On the one hand there is the suggestion that this talk of being responsible to parliament is not too accurate and that you are responsible to the government like anybody else under our system, and there is the other directly contrary line of approach where they say you are responsible to parliament, and because you can't really be responsible to parliament in our system you are not responsible to anyone. I take it you think there has been adequate supervision by parliament?

MR. DUNTON: Very much so.





THE CHAIRMAN: Mr. Pelletier, we have a few briefs to file, and as you did this for us last time, perhaps you might do the same now.

MR. PELLETIER: We start at brief No. 320, which is from the Progressive Conservative Business Womens Club of Ottawa and District:

This submission recommends that the Federal Government establish an Independent Regulatory Board for Canadian broadcasting and that competition in the television broadcasting field be permitted in order that it give Canadians a choice of more than one television programme at one time from Canadian sources.

EXHIBIT 320 - Brief of the Progressive Conservative Business Womens Club of Ottawa and District.

MR. PELLETIER: And the next one is the brief of Station CKOV, which will be brief 321:

The origin, development and community service broadcasts of CKOV are described in this brief.

EXHIBIT 321 - Brief of Station CKOV Kelowna, B.C.

MR. PELLETIER: The next one is the brief of the Fort William Chamber of Commerce, which will be brief 322:

The Fort William Chamber of Commerce believes that a separate governing body should be established with a minimum of essential regulatory powers over T.V. and radio broadcasting, and that another network, privately owned, should



be established and answerable to the separate governing body.

The Chamber feels that the Canadian Broadcasting Act should be amended both for the profit and cultural benefits of Canadians.

EXHIBIT 322 - Brief of The Fort William Chamber of Commerce.

MR. PELLETIER: The next one is the brief of the Canadian League of Composers, which will be brief 323:

The Canadian League of Composers is grateful that, in recognition of the Leagues activities, the CBC has broadcast a number of the Leagues concerts over its national networks. If it were not for such CBC sponsored organizations as the CBC Symphony Orchestra and the CBC Vancouver Concert Orchestra, few of the orchestral compositions written in the past few years would have reached performance.

The League also recommends the formation of a CBC music department commensurate with the role played by serious music in CBC broadcasting.

EXHIBIT 323 - Brief of The Canadian League of Composers.

MR. PELLETIER: And the next one is the brief of La Federation Canadienne Francaise de la Colombia, which will be Brief 324:

The Federation supports the brief of LeConsell de la Vie francaise, referring particularly to the sections dealing with the needs of the French speaking element in British Columbia





and the necessity for the organization of provincial committees to advise the CBC on programming matters.

The Federation recommends that time be made available on stations CBU and CBUT for French language programs.

EXHIBIT 324 - Brief of La Federation Canadienne Francaise de la Colombia.

MR. PELLETIER: And the next one is the brief of the University of Montreal, which will be brief 325:

The University suggests that:

1. Radio and T.V. educational broadcasts should be the responsibility of educational and cultural organizations. Universities should have that responsibility.

2. One Radio wave length and one T.V. channel in the Montreal area should be allocated to the University for educational programmes only.

3. There should be a University body to do research work on Radio and TV educational broadcasting.

4. The C.B.C. should do everything possible to preserve the traditions and cultural creations of french-speaking Canadians, not only in Quebec but throughout the country.

EXHIBIT 325 - Brief of the University of Montreal.

THE CHAIRMAN: Well, this completes our record, and before adjourning I think I should probably make a pronouncement of some kind of benediction. We have had a long series of



hearings starting last April the 30th, and apart from two summer months, almost continually ever since. As I said at the opening a couple of weeks ago, we have had an extraordinarily high level of presentations of briefs to us. Obviously this is a subject which interests many Canadians, and many Canadians have done a lot of hard work on it.

We are very grateful to all those who have come before us, and also all those who have written and sent in briefs, and for the help that they have given and all they have done in introducing a certain amount of conflict and confusion in the various kinds of submissions that we have had.

I am afraid ~~we~~ we are not going to be able to please everybody when we come to write our report, but we will have to do the best we can to state what we think is best for Canada in this field of radio and television.

I would like to say to you, Mr. Dunton and to Mr. Ouimet and all your associates -- since I have said this to others but I don't think I have said it to you, how much we appreciate your patience with us and the way in which you have associated in giving us not only the information you had prepared but a great deal of other information we have asked for. I would particularly like to thank Mr. Keddie, who has followed us all over the country, and has been most helpful



in getting us special information. I think that the questions we have given you this week have been directed towards the matters within our terms of reference and your answers to them have been very helpful in filling out our knowledge.

We now terminate our public hearing. We are going, as I said, to look at some of the American experience next week in Chicago and in New York. We have already looked at the BBC and the French system, so that we can get all the help we could from those other systems. I think, however, it is fairly clear that there are specific Canadian problems in this field and we cannot just copy any other system exactly. I think that is about all. Thank you, too, if I may add this, we are grateful to all those who are actively present here and particularly the patient men we have had sitting at the back of the room slouch a good many of the hearings.

We appreciate your interest.

HEARING TERMINATED  
AT 4 P.M.  
October 12, 1956.



















